

COPTIC ORPHANS

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024



COPTIC ORPHANS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Coptic Orphans Support Association
Fairfax, Virginia

Opinion

We have audited the accompanying consolidated financial statements of the Coptic Orphans Support Association (a nonprofit organization), doing business as Coptic Orphans, which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Coptic Orphans as of December 31, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the 2025 financial statements of Coptic Orphans Support Association (Canada), under common control, which statements reflect total assets of \$469,107 as of December 31, 2025, and total revenue of \$4,187,439, for the year then ended. We also did not audit the 2025 financial statements of Coptic Orphans Australia Limited, under common control, which statements reflect total assets of \$397,309 as of December 31, 2025, and the total revenue of \$5,282,704, for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Coptic Orphans Support Association (Canada) and Coptic Orphans Australia Limited, as of December 31, 2025, and for the year then ended, is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audits 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 Coptic Orphans and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Coptic Orphans' 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 Coptic Orphans' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Coptic Orphans' 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.

UHY LLP

Columbia, Maryland
May 04, 2026

COPTIC ORPHANS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,311,802	\$ 6,525,759
Other receivables	62,385	22,356
Prepaid expenses	161,495	46,680
Total current assets	<u>8,535,682</u>	<u>6,594,795</u>
NON-CURRENT ASSETS		
Investments, at fair value	64,956,365	55,830,906
Restricted cash for long-term use	35,000	-
Deposits and other assets	135,174	137,333
Property and equipment, net	246,388	647,513
Property held for sale	1,164,075	1,164,075
Finance lease right-of-use assets, net	<u>2,080,795</u>	<u>2,601,781</u>
Total non-current assets	<u>68,617,797</u>	<u>60,381,608</u>
Total assets	<u><u>\$ 77,153,479</u></u>	<u><u>\$ 66,976,403</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and gifts payable	\$ 74,317	\$ 53,982
Accrued expenses	493,781	369,211
Finance lease liabilities, current	<u>565,210</u>	<u>500,808</u>
Total current liabilities	1,133,308	924,001
FINANCE LEASE LIABILITIES, NET OF CURRENT	<u>1,869,971</u>	<u>2,434,484</u>
Total liabilities	<u>3,003,279</u>	<u>3,358,485</u>
NET ASSETS		
Without donor restrictions	72,805,970	62,467,494
With donor restrictions	<u>1,344,230</u>	<u>1,150,424</u>
Total net assets	<u>74,150,200</u>	<u>63,617,918</u>
Total liabilities and net assets	<u><u>\$ 77,153,479</u></u>	<u><u>\$ 66,976,403</u></u>

COPTIC ORPHANS

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Contributions	\$ 24,079,387	\$ 327,352	\$ 24,406,739	\$ 21,323,753	\$ 312,646	\$ 21,636,399
Interest income	164,441	-	164,441	166,430	-	166,430
Interest and dividends from investments, net of investment fees	963,005	16,639	979,644	849,356	13,042	862,398
Other gains (losses)	23,760	-	23,760	(44,970)	-	(44,970)
Net assets released from restrictions	266,875	(266,875)	-	559,222	(559,222)	-
Total revenue and support	25,497,468	77,116	25,574,584	22,853,791	(233,534)	22,620,257
EXPENSES						
Program services:						
Child development	17,123,364	-	17,123,364	14,016,947	-	14,016,947
Community development	2,366,540	-	2,366,540	1,946,296	-	1,946,296
Total program services	19,489,904	-	19,489,904	15,963,243	-	15,963,243
Supporting services:						
Management and general	775,012	-	775,012	773,637	-	773,637
Fundraising	2,500,637	-	2,500,637	2,194,243	-	2,194,243
Total supporting services	3,275,649	-	3,275,649	2,967,880	-	2,967,880
Total expenses	22,765,553	-	22,765,553	18,931,123	-	18,931,123
Change In Net Assets From Operations	2,731,915	77,116	2,809,031	3,922,668	(233,534)	3,689,134
Other Non-Operating Income (Losses)						
Net unrealized and realized gains on investments	7,539,681	116,690	7,656,371	7,735,112	86,720	7,821,832
Net gains (losses) on foreign currency valuation and transactions	1,013	-	1,013	(545,276)	-	(545,276)
Other non-operating gains	65,867	-	65,867	6,041	-	6,041
Total other non-operating income	7,606,561	116,690	7,723,251	7,195,877	86,720	7,282,597
Change in Net Assets	10,338,476	193,806	10,532,282	11,118,545	(146,814)	10,971,731
Net Assets, Beginning	62,467,494	1,150,424	63,617,918	51,348,949	1,297,238	52,646,187
Net Assets, Ending	\$ 72,805,970	\$ 1,344,230	\$ 74,150,200	\$ 62,467,494	\$ 1,150,424	\$ 63,617,918

See notes to the consolidated financial statements.

COPTIC ORPHANS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2025

	Child Development	Community Development	Total Program Services	Management and General	Fundraising	Total
Field operations:						
Participant support	\$ 9,655,304	\$ 1,373,782	\$ 11,029,086	\$ -	\$ -	\$ 11,029,086
Donor-directed gifts	1,737,434	-	1,737,434	-	-	1,737,434
Housing and medical	385,855	-	385,855	-	-	385,855
Scholarships and laptops	224,459	79,237	303,696	-	-	303,696
Workshops and field trips	386,896	384,940	771,836	-	-	771,836
Meetings, conferences, and training	350,999	35,820	386,819	-	-	386,819
Total field operations	12,740,947	1,873,779	14,614,726	-	-	14,614,726
Personnel costs:						
Salaries and compensation	3,011,379	444,657	3,456,036	556,035	1,545,300	5,557,371
Employee benefits & other	181,627	2,429	184,056	48,880	135,842	368,778
Payroll taxes	187,927	25,276	213,203	34,014	94,533	341,750
Total personnel costs:	3,380,933	472,362	3,853,295	638,929	1,775,675	6,267,899
Other expenses:						
Communication and public education	42,939	76	43,015	1,358	3,776	48,149
Credit card fees	-	-	-	-	238,334	238,334
Depreciation and amortization	17,348	-	17,348	749	2,081	20,178
Events	8,597	-	8,597	5,982	125,057	139,636
Occupancy	559,236	-	559,236	49,838	138,508	747,582
Office and printing	235,458	1,191	236,649	57,471	159,720	453,840
Professional services	41,153	80	41,233	10,003	27,798	79,034
Travel	96,753	19,052	115,805	10,682	29,688	156,175
Total expenses	\$ 17,123,364	\$ 2,366,540	\$ 19,489,904	\$ 775,012	\$ 2,500,637	\$ 22,765,553

See notes to the consolidated financial statements.

COPTIC ORPHANS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2024

	Child Development	Community Development	Total Program Services	Management and General	Fundraising	Total
Field operations:						
Participant support	\$ 7,596,366	\$ 1,149,330	\$ 8,745,696	\$ -	\$ -	\$ 8,745,696
Donor-directed gifts	1,869,223	-	1,869,223	-	-	1,869,223
Housing and medical	294,893	-	294,893	-	-	294,893
Scholarships and laptops	84,788	33,525	118,313	-	-	118,313
Workshops and field trips	106,755	285,343	392,098	-	-	392,098
Meetings, conferences, and training	90,059	105,752	195,811	-	-	195,811
Total field operations	10,042,084	1,573,950	11,616,034	-	-	11,616,034
Personnel costs:						
Salaries and compensation	2,618,625	329,701	2,948,326	525,559	1,219,064	4,692,949
Employee benefits & other	144,758	619	145,377	44,310	102,779	292,466
Payroll taxes	171,770	16,563	188,333	33,402	77,479	299,214
Total personnel costs:	2,935,153	346,883	3,282,036	603,271	1,399,322	5,284,629
Other expenses:						
Communication and public education	33,481	496	33,977	1,957	4,539	40,473
Credit card fees	-	-	-	-	242,125	242,125
Depreciation and amortization	21,351	-	21,351	2,527	5,862	29,740
Events	7,560	3,636	11,196	9,257	179,096	199,549
Occupancy	580,839	-	580,839	56,987	132,186	770,012
Office and printing	242,709	1,716	244,425	73,913	171,442	489,780
Professional services	59,786	-	59,786	18,170	42,147	120,103
Travel	93,984	19,615	113,599	7,555	17,524	138,678
Total expenses	\$ 14,016,947	\$ 1,946,296	\$ 15,963,243	\$ 773,637	\$ 2,194,243	\$ 18,931,123

See notes to the consolidated financial statements.

COPTIC ORPHANS
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	\$ 10,532,282	\$ 10,971,731
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	20,178	29,740
Amortization on finance lease right-of-use assets	520,707	514,505
Unrealized and realized gains on investments	(7,539,681)	(7,735,112)
Unrealized and realized gains on endowments	(116,690)	(86,720)
Contributions restricted for long-term use	(35,000)	-
Decrease (increase) in assets:		
Other receivable	(40,029)	(4,296)
Prepaid expenses	(114,815)	49
Deposits and other assets	2,159	40,786
Increase (decrease) in liabilities:		
Accounts payable and gifts payable	20,335	20,709
Accrued expenses	124,570	(381)
Net cash provided by operating activities	<u>3,374,016</u>	<u>3,751,011</u>
Cash Flows From Investing Activities		
Proceeds from sales of investments	2,204,059	62,617
Purchases of investments and reinvested earnings	(3,661,593)	(4,440,886)
Purchases of property and equipment	(10,995)	(376,096)
Refund of deposit for building acquisition	370,800	-
Additions to endowments	(11,554)	(45,662)
Net cash used in investing activities	<u>(1,109,283)</u>	<u>(4,800,027)</u>
Cash Flows From Financing Activities		
Payments on principal portion of finance leases	(503,859)	(441,023)
Contributions restricted for long-term use	35,000	-
Net cash used in financing activities	<u>(468,859)</u>	<u>(441,023)</u>
Effect of Changes in Exchange Rate	<u>25,169</u>	<u>380</u>
Increase/(Decrease) in Cash and Cash Equivalents	1,821,043	(1,489,659)
Cash and Cash Equivalents, Beginning	<u>6,525,759</u>	<u>8,015,418</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 8,346,802</u></u>	<u><u>\$ 6,525,759</u></u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 171,764</u>	<u>\$ 212,213</u>
Cash and cash equivalents	<u>\$ 8,311,802</u>	<u>\$ 6,525,759</u>
Restricted cash for long-term use	<u>\$ 35,000</u>	<u>\$ -</u>

See notes to the consolidated financial statements.

COPTIC ORPHANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

NOTE 1 - NATURE OF OPERATIONS

The Coptic Orphans Support Association, doing business as Coptic Orphans, is a nonprofit organization incorporated in 1992 under the laws of the Commonwealth of Virginia. Coptic Orphans is headquartered in Virginia, with field offices in Egypt, Australia, Canada, and the United Kingdom. Coptic Orphans improves the lives of orphans and other vulnerable children in Egypt by providing basic needs, education, and mentoring so that they may realize their potential to become productive members of society. In addition, Coptic Orphans raises public awareness about poverty in Egypt and promotes cultural understanding. Coptic Orphans' vision is to see that every vulnerable child in Egypt confidently faces the future with a renewed sense of hope and a life enriched with education, health, and equality.

A summary of Coptic Orphans' programs and initiatives is as follows:

Child Development

Not Alone

Coptic Orphans' flagship program, Not Alone, serves over 19,799 orphans and their families in 60+ dioceses in Egypt. Each child in Not Alone, through a mentoring and nurturing relationship with one of Coptic Orphans' 1014 church-based volunteer representatives, or "Reps," receives the protection, support, and confidence that was lost when their father died or abandoned them. The emphasis of the Not Alone program is not on charity, but rather on the transformation of children and those around them. Program participants gain the resources to break the cycle of poverty, as well as the courage to become change-makers in their own communities. Coptic Orphans addresses both immediate and long-term needs so that Not Alone children can deal successfully with the academic, social, and emotional challenges they face.

Because Coptic Orphans focuses on education as the primary tool to empower children to become self-sufficient, well-adjusted adults, Not Alone prioritizes giving them literacy and other skills that help them succeed in school. The children are encouraged to develop their God-given talents so that they can overcome their own circumstances and transform future generations. Each of the Reps is nominated by their bishop in the Coptic Orthodox Church. The Reps work with fatherless families in some of the most impoverished communities in Egypt, from the slums of Cairo to remote rural villages. Each Rep has relationships with 15-25 children, and serves each by:

- Visiting the child on a regular basis in their home to assess and provide for basic needs and address underlying problems rooted in the home life of the child.
- Connecting the child, mother, and any siblings to assistance in areas such as academic tutoring and mentoring for special talents or needs.

COPTIC ORPHANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

NOTE 1 - NATURE OF OPERATIONS (Continued)

Child Development (Continued)

Not Alone (Continued)

- Educating and advocating for families to access civil rights such as birth certificates, government-provided widows' pensions, land rights, and government IDs.
- Gathering children and their mothers in specialized workshops that build skills in literacy, leadership, computers, household finance, relationship-building, cultural appreciation, job readiness, and income generation, as well as covering critical topics in effective parenting, disease prevention, and preventing female genital mutilation.

Furthermore, Future Leaders Scholarship is a competitive scholarship initiative designed for Not-Alone high school graduates who are distinguished for their academic, personal, leadership, and volunteering accomplishments. It aims to provide the participants with financial, moral, and social support to pursue higher education in the field of their choice, to develop their leadership skills, and to instill values of volunteerism and service, which will enhance their potential to lead change in their communities.

Community Development

Valuable Girl Project

The Valuable Girl Project is a multi-faceted development program that targets marginalized girls and young women in high-poverty areas in Egypt. Valuable Girl's main goal is to empower girls on the intrapersonal, interactional, and behavioral levels by investing in their potentials and empowering them to maximize their influence in their communities. The project brings together Muslim and Christian girls (ages 7-22) in a Big Sister-Little Sister mentorship arrangement that promotes peaceful co-existence, strengthens girls' understanding of their rights, and improves academic retention rates, along with other positive social and economic outcomes for participants. This unique opportunity empowers girls and young women to continue their education, raise their self-esteem, develop decision-making and leadership skills, raise awareness on gender-based violence and most importantly, reduce their social isolation and break the barriers of sectarianism.

Since its inception over 20 years ago, the project has operated in 214 sites across Egypt and empowered more than 19,300 girls and young women. In the current cycle (2024-2026), the project operates in 30 locations in five governorates, namely Minya, Sohag, Asyut, Qena, and Luxor targeting 3,000 girls and young women and building the capacity of 120 on-site staff members from 30 Community Development Associations (CDAs).

COPTIC ORPHANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

NOTE 1 - NATURE OF OPERATIONS (Continued)

Community Development (Continued)

The 21 & Serve to Learn

The 21 program is a fully paid trip by Coptic Orphans that aims to give Coptic young adults in the diaspora the opportunity to serve in Egypt while learning about their heritage and Coptic identity. While in Egypt, fellows of the 21 Program serve Coptic Orphans children, visit churches and cultural sites, and strengthen their ties with their roots and heritage. Participants were selected based on certain criteria. In 2025, 130 fellows served roughly 2,700 children in Egypt in two different groups from June 6 to June 30 and from July 12 to August 4.

Serve to Learn is a dynamic program that strengthens the ties of Coptic Diaspora volunteers (second and third generation Egyptians) with their homeland, Egypt, through serving underprivileged children over a span of three weeks. The program strives to provide youth the hands-on experience and enables them not only to witness the challenges underserved children face, but actively participate in the effort to improve their lives by contributing, albeit short-term, to their education. By living in their villages, teaching in classrooms, visiting their homes, and engaging with their community, the volunteers receive a multi-dimensional view of a Not Alone child. The immersive nature of the experience lets volunteers see a child from multiple advantages to give them a deeper and more insightful understanding of each child beyond the veneer of poverty. Upon their return, they are equipped to advocate as ambassadors for the cause of disadvantaged children in Egypt. Serve to Learn volunteers and alumni then become the driving force for future development of the country. In 2025, the Serve to Learn program brought 19 volunteers to serve roughly 450 children in Egypt from January 18 to February 8.

Supporting services include the following functional categories:

Management and General - Activities include preservation and program oversight, business management, general record-keeping, budgeting, and related administrative activities.

Fundraising Activities and Events - Coptic Orphans solicits contributions from individuals, foundations, and governments. Coptic Orphans also hosts special fund-raising events. Fundraising activities also include development and management of various activities involved with soliciting contributions.

COPTIC ORPHANS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2025 and 2024

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). Revenue is reported as increases in net assets without donor restrictions unless there are donor-imposed purposes and/or time restrictions on the gifted assets. Expenses are reported as decreases in net assets without donor restrictions. Gains or 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.

Basis of Consolidation

The consolidated financial statements include the accounts of the Coptic Orphans Support Organization (USA), the Coptic Orphans Support Association (Canada), Coptic Orphans UK, and the Coptic Orphans Australia Limited, which are under common control. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are referred to as Coptic Orphans.

Measure of Operations

The accompanying consolidated statements of activities distinguish between operating and non-operating activities. Operating activities principally include all revenue, support, interest and dividends, and expenses that are an integral part of Coptic Orphans' programs. Non-operating activities principally include the unrealized and realized gains on investments and the net gains (losses) on foreign currency valuation.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, Coptic Orphans considers unrestricted checking, money market, savings, cash on hand, and highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Money market funds held in professionally managed investment accounts are reported with investments. Restricted cash for long-term use is not available for general operations.

Property and Equipment

Property and equipment, which includes land, an apartment, building, equipment, furniture and fixtures, and vehicles purchased with a cost of \$5,000 or more and with a useful life of greater than one year, are capitalized and recorded at acquisition cost. Depreciation for property and equipment, other than land, is computed using the straight-line method over the estimated useful lives of the assets, which range from three to forty years. Land acquisitions are not depreciated.

COPTIC ORPHANS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2025 and 2024

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Upon the sale or other disposition of property, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the change in net assets. Construction in progress is not depreciated until the asset is fully completed and placed into service. Expenditures for ordinary maintenance and repair items are charged to operations as incurred.

Investments

Investments are reported at fair value on the date of the consolidated statements of financial position, which may differ from the amount ultimately realized at the time of sale. The difference may be material. Donated securities are recorded at fair value on the date the securities are received. Interest and dividend income, net of investment management fees, are reported when earned as operating revenue in the consolidated statements of activities. Unrealized and realized gains and losses are reported as non-operating gains or losses in the consolidated statements of activities.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- *Level 1*: Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date (e.g., equity securities traded on the New York Stock Exchange).
- *Level 2*: Inputs from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active).
- *Level 3*: Unobservable inputs (e.g., a company's own data) that are used to measure fair value to the extent that observable inputs are not available.

COPTIC ORPHANS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2025 and 2024

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Coptic Orphans invests in money market and mutual funds, which are exposed to various risks such as market and credit fluctuations. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near-term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Following is a description of the valuation methodologies used for assets measured at fair value.

Short-Term Investments: Short-term investments are carried at amortized cost, which approximates fair value.

Mutual Funds and Stocks: Equity and fixed income mutual funds and stocks are valued at the closing price reported in the active market in which the individual securities are traded.

When observable price quotations are not available, fair value is determined based on the present value of the stream of cash flows it is expected to generate. Such securities are classified as Level 1 in the valuation hierarchy.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of the observable inputs and minimize the use of the unobservable inputs. All assets have been valued using a market approach. There were no changes in the valuation techniques during the current year.

The carrying amounts for cash and cash equivalents, other receivables, prepaid expenses, accounts payable and gifts payables, and accrued expenses approximate fair value because of the short maturity of these instruments.

Net Assets

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

Net assets without donor restrictions - Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. The Board may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

COPTIC ORPHANS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2025 and 2024

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net assets with donor restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. Coptic Orphans reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met in the same reporting period are recorded as net assets without donor restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting Coptic Orphans to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy.

See Notes 6 and 7 for more information on the composition of net assets with donor restrictions.

Revenue Recognition

Contributions received, including unconditional contributions receivable, are reported as revenue in the year that notification or cash is received from the donor. Contributions are reported as either revenue without donor restrictions or revenue with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the grant and contribution is received are recognized as revenue without donor restrictions. Conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. There were no conditional promises to give for the years ended December 31, 2025 and 2024.

Coptic Orphans reports gifts of goods and securities as support without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as restricted support. Absent explicit donor stipulations as to how long those long-lived assets must be maintained, Coptic Orphans reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Other gains on sales are recognized as unconditional revenue when the cash is received from the sale.

COPTIC ORPHANS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2025 and 2024

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Goods, Securities, and Services

Contributions of donated goods are measured at their fair values as of the date of the donation. Contributions of securities are measured at the fair value on the date the securities are received. Contributions of donated services that enhance a non-financial asset or contributed services that are considered specialized and can be estimated, and would have been purchased if not donated, are measured at their fair values as of the date of the donation. These contributions are reported as net assets without donor restrictions unless explicit donor stipulations specify how donated assets must be used.

Contributions of donated goods and services were utilized by program. Many volunteers donated their time and performed a variety of tasks that assisted Coptic Orphans in performing its services; however, only those services that met the specified criteria were recognized as revenue. During the years ended December 31, 2025 and 2024, the value of all contributed services meeting the requirements for recognition was not considered material, and therefore, has not been recorded in the accompanying consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue, support and expenses during the reporting period. Actual results could differ from those estimates.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities and functional expenses. Expenses that can be identified with a specific program or supporting service are charged directly to that program or supporting service.

The consolidated financial statements report expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

All expenses are allocated on the basis of estimates of time and effort, except for direct costs associated with specific programs, which are recorded as expenses for the program benefited.

COPTIC ORPHANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transactions in Currency Other than the U.S. Dollar

The U.S. Dollar is the reporting currency for Coptic Orphans. Coptic Orphans has operations in countries other than the United States of America that are translated to Coptic Orphans' reporting currency. Transaction gains or losses are reflected in program services expenses in the consolidated statements of activities. Gains or losses, upon translation of field office activities to U.S. Dollar reporting, are reflected as non-operating adjustments to the change in net assets, as reported in the consolidated statements of activities. For operations in highly inflationary economies, the U.S. dollar is designated as the functional currency in accordance with ASC 830; accordingly, such activities are remeasured into U.S. dollars using the temporal method, with resulting foreign currency gains and losses reflected as non-operating adjustments to the change in net assets.

Income Taxes

Coptic Orphans is exempt from federal and state income taxes (except taxes on unrelated business income) under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as *other than a private foundation*. No provision for income taxes is required for the years ended December 31, 2025 and 2024 since Coptic Orphans had no taxable income from unrelated business activities.

Coptic Orphans Support Association (Canada) is a nonprofit organization incorporated under Part II of *Canada Corporations Act* on May 30, 2001 and continued on September 29, 2014 under the *Federal Not-For-Profit Corporations Act*. It is a registered charity under the Income Tax Act in Canada and is exempt from income taxes.

Coptic Orphans Australia Limited, a company limited by guarantee, was incorporated and is domiciled in Australia. Coptic Orphans Australia Limited is a nonprofit entity for financial reporting purposes under Australian Accounting Standards. It is a registered charity under the *Australian Charities and Not-For-Profits Commission Act 2012* and is exempt from income taxes.

Coptic Orphans (UK), an international development organization, is incorporated under the *UK Charities Act*. It is a registered organization with the Charity Commission and is exempt from income taxes.

The income tax positions taken by Coptic Orphans for any years open under the various statutes of limitations are that Coptic Orphans continues to be exempt from income taxes and that they have properly reported unrelated business income that is subject to income taxes. Coptic Orphans believes that there are no tax positions taken or expected to be taken that would significantly increase unrecognized tax benefits within 12 months of the reporting date. None of Coptic Orphans' information tax returns are currently under examination.

COPTIC ORPHANS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2025 and 2024

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to correspond to current year format and standards. Total net assets and changes in net assets are unchanged due to these reclassifications.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT

The following are the major categories of assets measured at fair value on a recurring basis during the years ended December 31, 2025 and 2024. All investments are considered Level 1 (using quoted prices in active markets for identical assets):

	<u>2025</u> Level 1	<u>2024</u> Level 1
Investments:		
Short-term investments	\$ 73,885	\$ 64,844
Mutual funds:		
Fixed income	13,649,146	12,403,794
Equity	50,865,524	43,194,675
Stocks	<u>367,810</u>	<u>167,593</u>
Total investments	<u>\$ 64,956,365</u>	<u>\$ 55,830,906</u>

Net investment income is comprised of the following for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 1,006,552	\$ 886,921
Less investment fees	<u>(26,908)</u>	<u>(24,523)</u>
	979,644	862,398
Unrealized gains	7,381,203	7,702,503
Realized gains	<u>275,168</u>	<u>119,329</u>
Net investment income	<u>\$ 8,636,015</u>	<u>\$ 8,684,230</u>

COPTIC ORPHANS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2025 and 2024

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Apartment, Egypt	\$ 62,000	\$ 62,000
Building, Egypt	-	111,725
Equipment	95,973	121,776
Furniture and fixtures	48,999	48,999
Software	53,694	81,756
Vehicles	<u>78,630</u>	<u>94,629</u>
	339,296	520,885
Less accumulated depreciation and amortization	<u>(271,869)</u>	<u>(406,573)</u>
	67,427	114,312
Land	178,961	178,961
Construction in progress	<u>-</u>	<u>354,240</u>
	Total property and equipment, net	Total property and equipment, net
	<u>\$ 246,388</u>	<u>\$ 647,513</u>

In 2024, Coptic Orphans purchased a building for Egypt office and paid 10% down payment to secure the building. The purchase was contingent upon whether the seller is able to complete certain conditions stated in the contract. During 2025, the conditions were not satisfied and the agreement was terminated. The down payment, along with interest earned, was refunded to Coptic Orphans and the related construction in progress balance was removed.

Depreciation and amortization expense on property and equipment totaled \$20,178 and \$29,740 for the years ended December 31, 2025 and 2024, respectively.

NOTE 5 - PROPERTY HELD FOR SALE

Coptic Orphans held land for \$1,164,075 and planned to sell the land as it was no longer needed during the years ended December 31, 2025 and 2024. Coptic Orphans expects a loss of \$100,000 from the sale.

COPTIC ORPHANS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2025 and 2024

NOTE 6 - LEASES

Coptic Orphans has cancelable leases for office space in the United States, Canada and Egypt and has a noncancelable lease in Australia. All long-term leases for office space are classified as finance leases, while leases with an initial term of twelve months or less are not recorded in the consolidated statements of financial position.

In July 2021, Coptic Orphans amended their office lease to expand their office space in the United States. The lease agreement expires on May 31, 2032. The lease provides for minimum rental payments and additional charges for a proportionate share of the building's real estate tax and operating expenses. The lease is subject to an annual 2.5% escalation clause. The lease agreement includes a five-month rent abatement starting December 7, 2021. The security deposit was \$16,867 as per the agreement.

The office lease in Australia commenced in March 2023 and expired in February 2026. Coptic Orphans exercised the option to extend for a maximum of six years following the lease expiration date. The monthly payments are AUD 5,000, with an annual escalation of the lesser of 4% or the local Consumer Price Index. Coptic Orphans is entitled to three-month rent abatement, the first two months during the lease year one and the first month during the lease year two.

In October 2022, Coptic Orphans entered an office lease in Egypt, commencing December 2022 and ending November 2027. The monthly payments are USD 28,500, with an annual escalation of 2%.

In July 2021, Coptic Orphans entered an office lease in Canada, commencing November 2023 and ending October 31, 2028. The monthly payments are CAD 1,852 for the first lease year, CAD 2,419 for the second and third lease years and CAD 2,605 thereafter. Coptic Orphans is also responsible for operating costs and realty taxes, which is estimated to be CAD 2,205 per month in calendar year 2023 and CAD 2,276 thereafter.

The following table summarizes the balance sheet classification of the finance lease assets and related finance lease liabilities for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Finance right-of-use assets:		
Costs	\$ 3,840,206	\$ 3,840,206
Accumulated amortization of right-of-use assets	<u>(1,759,411)</u>	<u>(1,238,425)</u>
Total finance right-of-use assets	<u>\$ 2,080,795</u>	<u>\$ 2,601,781</u>
Finance lease liabilities:		
Lease liabilities, current portion	\$ 565,210	\$ 500,808
Lease liabilities, net of current portion	<u>1,869,971</u>	<u>2,434,484</u>
Total finance lease liabilities	<u>\$ 2,435,181</u>	<u>\$ 2,935,292</u>

COPTIC ORPHANS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2025 and 2024

NOTE 6 - LEASES (Continued)

Future minimum rental payments for office facilities under Coptic Orphans' finance leases are as follows for the years ending December 31:

2026	\$ 687,297
2027	642,075
2028	324,038
2029	290,711
2030	296,934
Thereafter	<u>422,134</u>
Total	2,663,189
Less, imputed interest	<u>(228,008)</u>
Present value of finance lease liabilities	<u>\$ 2,435,181</u>

The weighted-average discount rate and remaining lease term and the components of lease costs are as follows.

	<u>2025</u>	<u>2024</u>
Weighted-average discount rate	<u>6.23%</u>	<u>6.74%</u>
Weighted-average remaining lease term (years)	<u>5.06</u>	<u>5.79</u>
Interest expense	<u>\$ 171,764</u>	<u>\$ 212,213</u>
Amortization expense	<u>\$ 520,707</u>	<u>\$ 514,505</u>

Coptic Orphans recognizes amortization expense for the right-of-use asset leases on a straight-line basis over the individual lease terms and amortization expense was included in occupancy in the consolidated statements of functional expense.

The interest and amortization expenses were included in occupancy in the consolidated statements of functional expenses.

The \$279 and \$3,584 variance between the accumulated amortization of right-of-use assets and the amortization expense was the effect of the exchange rate during the years ended December 31, 2025 and 2024, respectively. The \$3,748 and \$3,155 variance between the total repayments and the change in lease liabilities was the effect of the exchange rate during the year ended December 31, 2025 and 2024, respectively.

COPTIC ORPHANS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2025 and 2024

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Coptic Orphans' net assets with donor restrictions consisted of the following as of December 31, 2025:

	<u>Restricted for Time or Purpose</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
Donor-directed gifts to program participants	\$ 125,687	\$ -	\$ 125,687
St. Kyril Partnership	166,666	-	166,666
Bishop Samuel endowment	391,160	279,005	670,165
Taunt Awatef endowment	<u>74,643</u>	<u>307,069</u>	<u>381,712</u>
Total net assets with donor restrictions	<u>\$ 758,156</u>	<u>\$ 586,074</u>	<u>\$ 1,344,230</u>

Coptic Orphans' net assets with donor restrictions consisted of the following as of December 31, 2024:

	<u>Restricted for Time or Purpose</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
Donor-directed gifts to program participants	\$ 156,602	\$ -	\$ 156,602
St. Kyril Partnership	105,189	-	105,189
Bishop Samuel endowment	299,340	284,089	583,429
Taunt Awatef endowment	<u>33,135</u>	<u>272,069</u>	<u>305,204</u>
Total net assets with donor restrictions	<u>\$ 594,266</u>	<u>\$ 556,158</u>	<u>\$ 1,150,424</u>

NOTE 8 - ENDOWMENTS

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Coptic Orphans classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The statement of investment policies and objectives governs the investment management of Coptic Orphans' Endowment Funds (the Endowment Fund).

In accordance with UPMIFA, Coptic Orphans considers the following factors in making a determination to appropriate or accumulate endowment funds with donor restrictions:

- The duration and preservation of the fund;

COPTIC ORPHANS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2025 and 2024

NOTE 8 - ENDOWMENTS (Continued)

- The purpose of Coptic Orphans and the endowment funds with donor restrictions;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of Coptic Orphans.

The following represents the availability of the Endowment Fund as of December 31, 2025:

	<u>Without Donor Restrictions</u>	<u>Restricted for Time or Purpose</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
Donor-restricted endowments	\$ <u>-</u>	\$ <u>465,803</u>	\$ <u>586,074</u>	\$ <u>1,051,877</u>

The following represents the availability of the Endowment Fund as of December 31, 2024:

	<u>Without Donor Restrictions</u>	<u>Restricted for Time or Purpose</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
Donor-restricted endowments	\$ <u>-</u>	\$ <u>332,475</u>	\$ <u>556,158</u>	\$ <u>888,633</u>

Changes in the donor-restricted endowment net assets for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Endowment net assets, beginning of the year	\$ 888,633	\$ 743,210
Contributions	35,000	50,856
Distributions	(5,085)	(5,194)
Interest and dividends	16,639	13,041
Net appreciation in fair value	<u>116,690</u>	<u>86,720</u>
Endowment net assets, end of the year	<u>\$ 1,051,877</u>	<u>\$ 888,633</u>

COPTIC ORPHANS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2025 and 2024

NOTE 8 - ENDOWMENTS (Continued)

Standard of Investments

The objectives of the endowments are to support Coptic Orphans' mission, as specified in the Endowment Gift Agreements, and to preserve the purchasing power of the principal. The endowment funds' investments will be determined in conjunction with the review of Coptic Orphans' financial circumstances. This review is undertaken periodically, and the primary investment objective is updated accordingly. The current primary investment objectives of the endowment funds are to attain an average annual real total return, net of investment management fees, of at least 5% over the long-term (running five-year periods) to obtain the highest yield possible in the investment accounts without putting the endowment principal at risk.

Spending Policy and Accumulation of Income and Principal

The Board shall recommend the expenditure of income and/or principal from the endowments or the accumulation of such income. The Board shall, as necessary, establish and revise standards for expenditures or accumulation. No expenditures from the income or principal of the endowment shall be made for any purpose (1) which is inconsistent with the purposes of Coptic Orphans and the principle and policies established by it, (2) which, if made with respect to any special fund or other restricted contribution or transfer, is in conflict or fails to comply with the express conditions, limitations, or restrictions subject to which the contribution or transfer was made, received, and accepted, or (3) which will or may adversely affect or prejudice the tax-exempt status of Coptic Orphans or the tax deductibility of any contribution to Coptic Orphans.

It is the policy of Coptic Orphans to transfer to operations no more than 4% of the endowment funds' value based on a three-year moving average of the funds' beginning market value.

NOTE 9 - RETIREMENT PLAN

In accordance with foreign compensation requirements, Coptic Orphans maintains retirement plans for employees located in Australia and Canada. Employer contributions totaled \$82,329 and \$75,798 for the years ended December 31, 2025 and 2024, respectively, which is reported in employee benefits & other in the consolidated statements of functional expenses.

Coptic Orphans maintains individual custodial accounts, in accordance with Internal Revenue Code Section 403(b)(7) for the benefit of the eligible employees located in the United States. Employer contributions made to these accounts totaled \$13,196 and \$22,892 for the years ended December 31, 2025 and 2024, respectively.

COPTIC ORPHANS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2025 and 2024

NOTE 10 - LIQUIDITY AND AVAILABILITY OF RESOURCES

Coptic Orphans' financial assets available for operating expenditures within one year of the statement of financial position date are as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 8,311,802	\$ 6,525,759
Other receivables	62,385	22,356
Investments at fair value	<u>64,956,365</u>	<u>55,830,906</u>
Total financial assets available within one year	73,330,552	62,379,021
Less, amounts unavailable for general expenditures within one year, due to:		
Donor restrictions (excluding contributions restricted for long-term use, included in restricted cash)	<u>(1,309,230)</u>	<u>(1,150,424)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 72,021,322</u>	<u>\$ 61,228,597</u>

Coptic Orphans maintains a policy of structuring their financial assets to be available as their general expenditures, liabilities, and other obligations come due.

NOTE 11 - RISKS, UNCERTAINTIES AND CONTINGENCIES

Cash and Investments

Financial instruments that potentially subject Coptic Orphans to significant concentrations of credit risk consist of cash and investments. Such investments are exposed to various risks such as market and credit fluctuation. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near-term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Coptic Orphans maintains the cash and investment accounts with financial institutions for U.S. operating activity that, from time to time, may exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). Coptic Orphans has not experienced any credit losses on its cash and investments to date held for U.S. operating activity, as it relates to FDIC and SIPC insurance limits. Coptic Orphans assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

COPTIC ORPHANS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2025 and 2024

NOTE 11 - RISKS, UNCERTAINTIES AND CONTINGENCIES (Continued)

Cash and Investments (Continued)

Coptic Orphans also maintains significant liquid assets in the countries in which it operates. These assets are generally comprised of cash and cash equivalents that are used for programs. At December 31, 2025 and 2024, cash and cash equivalents totaling approximately \$2.7 million and \$2.5 million, respectively, as converted in U.S. Dollars, was held by banks in foreign countries.

Cash balances that are held in the denominations of the foreign country are subject to valuation adjustments based on exchange rates in effect at any given time. Transfers of funds back to the United States of America may be restricted due to local market conditions or the laws governing such transactions in the country where the assets are maintained. Coptic Orphans limits their risk by only using foreign banks that are either government sponsored banks or commercially insured and has not experienced any losses.

As of December 31, 2025 and 2024, Coptic Orphans' investments in the Vanguard Total Stock Market Index Fund Institutional Shares accounted for 41% and 40% of total assets respectively. The Board of Directors has established an investment policy and guidelines that cover asset allocations and performance objectives.

Foreign Operations

Coptic Orphans has operations outside the United States including branches in Australia, Canada, Egypt, and the United Kingdom. Foreign operations are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing tax laws, possible limitations on foreign investment and income repatriation, government price or foreign exchange controls, and restrictions on currency exchange. Net assets of foreign operations approximate 3% and 4% of Coptic Orphans' total net assets for 2025 and 2024, respectively.

Results of operations for Coptic Orphans' foreign branches are translated from the local (functional) currency to the U.S. Dollars using average exchange rates during the period, while assets and liabilities are translated at the exchange rate in effect at the reporting date. The consolidated financial statements of Coptic Orphans' are prepared using the U.S. Dollars as the functional currency. As a result, the transactions of those operations that are denominated in foreign currencies are remeasured into U.S. Dollars, and any resulting gains or losses are included net in the caption "Gains and losses from foreign currency valuation and transactions" in the consolidated statements of activities. Subsequent to the year end, the Egyptian Pound continues to experience fluctuations relative to the U.S. Dollar as Egypt undergoes ongoing economic reforms and currency adjustments. Management has yet been able to determine the potential effect of the currency movements on Coptic Orphans' financial position or future operations.

COPTIC ORPHANS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2025 and 2024

NOTE 11 - RISKS, UNCERTAINTIES AND CONTINGENCIES (Continued)

Paycheck Protection Program

During the year ended December 31, 2020, Coptic Orphans was granted a loan for \$315,269 from a local bank under the Paycheck Protection Program (PPP) administered by the Small Business Administration (SBA). The loan was forgiven by the SBA in March 2021.

According to the rules of the SBA, Coptic Orphans is required to retain documentation for six years after the date of the loan is forgiven, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of Coptic Orphans' judgments pertaining to satisfying PPP loan eligibility or forgiveness conditions, Coptic Orphans may be required to adjust previously reported amounts and disclosures in the consolidated financial statements.

NOTE 12 - RELATED PARTY TRANSACTIONS

Coptic Orphans, a related organization, charged the Australia affiliate office \$901,909 and \$711,870 for management fees for the years ended December 31, 2025 and 2024, respectively. In addition, Coptic Orphans USA, a related organization, charged the Canada affiliate office \$628,541 and \$557,960 for the years ended December 31, 2025 and 2024, respectively. Management fees include program services as well as support services such as accounting and bookkeeping services, payroll services, information technology services, and other such administrative support and services.

These related party transactions are eliminated from the consolidated statements of financial position and activities for reporting purposes.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 04, 2026, which is the date the consolidated financial statements are available to be issued.

The consolidated financial statements include all events or transactions, including estimates, required to be recognized in accordance with U.S. GAAP. Management has determined that there are no unrecognized subsequent events that require additional disclosure.