KPMG

SAVE THE CHILDREN FEDERATION, INC. AND RELATED ENTITIES

Consolidated Financial Statements

December 31, 2023
(With summarized comparative financial information as of and
for the year ended December 31, 2022)

(With Independent Auditors' Report Thereon)

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
Save the Children Federation, Inc.:

Opinion

We have audited the consolidated financial statements of Save the Children Federation, Inc. and related entities (the Organization), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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.

Responsibilities of Management for the Consolidated Financial Statements

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

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 the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 GAAS 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 GAAS, 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- 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 the Organization'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 31, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

KPMG LLP

New York, New York
May 31, 2024

SAVE THE CHILDREN FEDERATION, INC. AND RELATED ENTITIES

Consolidated Statement of Financial Position

December 31, 2023
(With comparative financial information as of December 31, 2022)

(In thousands)

Assets		2023	2022
Cash and cash equivalents (note 14)	$	93,657	121,108
Grants and contracts receivable (notes 2(b), 2(c), and 14)		68,434	98,067
Contributions receivable, net (note 6)		25,254	23,901
Inventory		5,316	10,725
Due from Save the Children International, net (note 17)		35,731	14,189
Prepaid expenses and other assets		4,997	4,466
Investments (notes 3 and 4)		196,882	187,798
Assets of pooled income fund and charitable gift annuities (notes 2(e) and 4)		2,979	2,688
Operating lease right-of-use assets, net (notes 2(l) and 12)		31,724	34,565
Property, plant and equipment, net (note 7)		12,682	6,555
Beneficial interests in perpetual trusts held by third parties (note 4)		15,566	14,383
Total assets	$	493,222	518,445
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued liabilities	$	66,838	77,763
Operating lease liabilities (notes 2(l) and 12)		35,079	39,514
Deferred revenue (notes 2(b), 2(c), and 14)		68,201	62,165
Postretirement benefits other than pensions (note 10)		4,215	3,763
Total liabilities		174,333	183,205
Commitments and contingencies (notes 3, 8, 9, 10, 12, 13, and 14)			
Net assets:			
Without donor restrictions:			
Undesignated		917	30,499
Board-designated operating reserve (notes 2(c) and 16)		14,611	14,611
Board-designated endowment (notes 5 and 16)		115,042	106,346
Investment in property, plant, and equipment (note 7)		12,682	6,555
Total net assets without donor restrictions		143,252	158,011
With donor restrictions:			
Purpose restricted (notes 5 and 11)		106,976	112,307
Donor-restricted endowment corpus (notes 5, 11, and 16)		53,095	50,539
Beneficial interests in perpetual trusts held by third parties (notes 4 and 11)		15,566	14,383
Total net assets with donor restrictions		175,637	177,229
Total net assets		318,889	335,240
Total liabilities and net assets	$	493,222	518,445

See accompanying notes to consolidated financial statements.

SAVE THE CHILDREN FEDERATION, INC. AND RELATED ENTITIES

Consolidated Statement of Activities

Year ended December 31, 2023
(With summarized comparative financial information for the year ended December 31, 2022)

(In thousands)

	2023 Without donor restrictions	2023 With donor restrictions	2023 Total	2022 Total
Operating revenue:				
Contributions of cash and other financial assets	$ 233,924	104,165	338,089	430,927
Contributions of non-financial assets (note 2(d))	184	26,453	26,637	56,496
U.S. government grants and contracts (note 14)	520,978	—	520,978	511,771
Sponsorships	—	38,692	38,692	40,378
Commodities and freight (notes 2(d) and 14)	28,187	—	28,187	48,842
Fee for service contracts	850	—	850	1,101
Bequests (note 2(c))	9,877	795	10,672	11,279
Net investment return appropriated for operations (notes 3 and 5)	7,944	1,939	9,883	8,493
Other	358	509	867	542
	802,302	172,553	974,855	1,109,829
Net assets released from restrictions	182,052	(182,052)	—	—
Total operating revenue	984,354	(9,499)	974,855	1,109,829
Operating expenses (note 2(f)):				
Program services:				
Program activities (note 15)	226,099	—	226,099	226,980
Program activities – Save the Children International (note 15)	578,284	—	578,284	670,993
Program development and public policy support	56,746	—	56,746	54,209
Total program services	861,129	—	861,129	952,182
Supporting services:				
Management and general	45,535	—	45,535	40,426
Management and general – Save the Children International	28,518	—	28,518	32,054
Fund-raising	74,511	—	74,511	83,284
Total supporting services	148,564	—	148,564	155,764
Total operating expenses	1,009,693	—	1,009,693	1,107,946
(Deficiency) excess of operating revenue over expenses before net transfers	(25,339)	(9,499)	(34,838)	1,883
Net transfers to operating revenue (note 2(c))	—	—	—	(3,570)
Deficiency of operating revenue over expenses	(25,339)	(9,499)	(34,838)	(1,687)
Nonoperating activities:				
Net investment return (loss) in excess of (less than) appropriated for operations	9,224	4,424	13,648	(31,494)
Foreign currency exchange and derivative instruments gain (loss)	120	53	173	(374)
Endowment contributions and transfers	—	2,326	2,326	5,551
Transfers, net (note 2(c))	—	—	—	3,570
Contributions and changes in value of split-interest agreements	263	1,183	1,446	(3,334)
Post-retirement changes other than net periodic benefit costs (note 10)	117	—	117	1,395
Other	856	(79)	777	(593)
Total nonoperating activities	10,580	7,907	18,487	(25,279)
Decrease in net assets	(14,759)	(1,592)	(16,351)	(26,966)
Net assets at beginning of year	158,011	177,229	335,240	362,206
Net assets at end of year	$ 143,252	175,637	318,889	335,240

See accompanying notes to consolidated financial statements.

SAVE THE CHILDREN FEDERATION, INC. AND RELATED ENTITIES

Consolidated Statement of Functional Expenses

Year ended December 31, 2023
(With summarized comparative financial information for the year ended December 31, 2022)

(In thousands)

	Program services			Supporting services				
	Program activities (note 15)	**Program development and public policy support**	**Total program services**	**Management and general**	**Fundraising**	**Total supporting services**	**2023 Total**	**2022 Total**
Salaries	$ 67,940	26,061	94,001	22,413	21,120	43,533	137,534	126,384
Employee fringe benefits (notes 9 and 10)	20,479	7,370	27,849	6,714	5,875	12,589	40,438	36,102
Total salaries and related expenses	88,419	33,431	121,850	29,127	26,995	56,122	177,972	162,486
Grants to and charges from SCI	578,284	—	578,284	28,518	—	28,518	606,802	703,047
Grants to other agencies	92,210	644	92,854	848	3	851	93,705	104,880
Supplies, materials, etc.	15,327	2,107	17,434	2,034	1,649	3,683	21,117	21,366
Travel	3,786	1,575	5,361	654	677	1,331	6,692	5,955
Professional fees	11,659	6,984	18,643	8,308	11,292	19,600	38,243	38,295
Advertising (note 2(d))	78	8,136	8,214	1	21,445	21,446	29,660	36,012
Occupancy (note 12)	7,425	1,369	8,794	2,061	923	2,984	11,778	11,523
Printing	192	32	224	19	5,020	5,039	5,263	5,667
Telecommunications	926	759	1,685	115	1,970	2,085	3,770	3,593
Postage and shipping	763	42	805	49	2,832	2,881	3,686	4,580
Depreciation and amortization	829	362	1,191	850	303	1,153	2,344	2,068
Other	4,485	1,305	5,790	1,469	1,402	2,871	8,661	8,474
Total expenses	$ 804,383	56,746	861,129	74,053	74,511	148,564	1,009,693	1,107,946

See accompanying notes to consolidated financial statements.

SAVE THE CHILDREN FEDERATION, INC. AND RELATED ENTITIES

Consolidated Statement of Cash Flows

Year ended December 31, 2023
(With comparative financial information for the year ended December 31, 2022)

(In thousands)

		2023	2022
Cash flows from operating activities:			
Decrease in net assets	$	(16,351)	(26,966)
Adjustments to reconcile decrease in net assets to net cash (used in) provided by operating activities:			
Depreciation and amortization		2,344	2,068
Amortization of operating lease right-of-use assets		3,747	—
Gain on disposal of property		—	(2)
Gain on operating lease amendment		(906)	—
Change in gifts-in-kind and other inventory		5,409	(2,565)
Net (appreciation) depreciation in fair value of investments		(20,747)	25,139
Contributions restricted for long-term investment		(2,326)	(5,551)
Change in beneficial interests in perpetual trusts held by third Parties		(1,183)	2,950
Changes in operating assets and liabilities:			
Grants and contracts receivable		29,633	(20,758)
Contributions receivable		(7,111)	6,064
Due from Save the Children International, net		(16,989)	15,028
Prepaid expenses and other assets		(531)	(2,244)
Accounts payable and accrued liabilities		(10,925)	25,252
Deferred revenue		6,036	14,190
Postretirement benefits other than pensions		452	(506)
Operating lease liabilities		(4,435)	4,949
Net cash (used in) provided by operating activities		(33,883)	37,048
Cash flows from investing activities:			
Purchases of property, plant, and equipment		(8,471)	(3,205)
Proceed from sale of assets		—	4
Purchases of investments		(51,338)	(147,924)
Proceeds from sale of investments		63,001	154,663
Loans to Save the Children International		(4,553)	—
Net cash (used in) provided by investing activities		(1,361)	3,538
Cash flows from financing activities:			
Contributions received for long-term investment		8,084	392
(Distribution) receipt of split interest agreements, net		(291)	1,104
Net cash provided by financing activities		7,793	1,496
Net (decrease) increase in cash and cash equivalents		(27,451)	42,082
Cash and cash equivalents at beginning of year		121,108	79,026
Cash and cash equivalents at end of year	$	93,657	121,108
Supplemental cash flow information:			
Donated non-financial assets	$	26,637	56,496
Commodities		28,187	48,842
Acquisition of land partially financed by trade payable		—	1,203

See accompanying notes to consolidated financial statements.

(1) Organization and Purpose

Save the Children Federation, Inc. (SCUS) was established in 1932 and operates as a voluntary, nonsectarian, nonprofit organization in the United States of America and throughout the world providing services for children and community self-help assistance.

SCUS is a member of Save the Children Association (SCA), a Swiss membership organization. SCA currently has 30 independent, autonomous, nonprofit, private, voluntary membership organizations that bear the name Save the Children or a related designation (the Members). SCA created Save the Children International (SCI), a United Kingdom based charitable entity, of which SCA is the sole member, and therefore, SCI is a wholly owned subsidiary of SCA.

In 2011, SCUS, in concert with the 29 other independent Members, entered into a series of agreements to create a single global program delivery platform through SCI. Under these agreements, SCUS works with other Members through the SCI platform to deliver nondomestic programs to benefit children. SCUS continues to design programs, coordinate with donors, and provide technical assistance to ensure program quality, monitoring, and reporting. The costs of implementing programs through the SCI structure are covered by program funds raised by SCUS (and other Members) and the allocation of administrative expenses among the Members.

In addition to the program delivery platform and cost-sharing, SCUS and other Members agreed to transfer certain in-country program assets to SCI to facilitate the delivery of programs overseas. SCUS started to transition country offices in 2011. As of December 31, 2023, one country office had not yet transitioned to SCI. SCUS is continuing to work towards transitioning this office to SCI and currently is operating under a pre-transition agreement.

SCUS Head Start Programs, Inc. (Head Start) began operations in 2012 as a voluntary, nonsectarian, nonprofit organization in the United States of America delivering early childhood development programming. SCUS is the sole member of Head Start, and accordingly, Head Start is a consolidated related entity.

Save the Children Action Network, Inc. (SCAN) was established in March 2014 as a nonprofit organization organized and operated exclusively for purposes related to the social welfare of children. SCUS is the sole member of SCAN, and accordingly, SCAN is a consolidated related entity. SCAN established Save the Children Action Network New Mexico IE Committee (SCAN NM) and Save the Children Action Network Victory Fund (SCAN Victory Fund) as 527 Independent Expenditure Committees controlled by SCAN, in 2022 and 2023, respectively.

Community Development Aquaventures Pte. Ltd. (CDA) and SCF Social Ventures Pte. Ltd. (SCF) were incorporated in September 2020 as exempt private companies limited by shares. PT Solusi Masyarakat Mandiri (PT SMM) was incorporated in March 2021 as an LLC with ownership shares from CDA and SCF. SCUS is the sole member of CDA and SCF, and accordingly, CDA, SCF, and PT SMM are consolidated related entities.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The consolidated financial statements include the accounts of SCUS, Head Start, SCAN and related entities, CDA, SCF and PT SMM (collectively, the Organization) and have been prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). All significant intercompany account balances and transactions have been eliminated in consolidation.

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

- Without donor restrictions – Net assets that are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired, as well as net assets designated by the Organization's Board of Trustees.
- With donor restrictions – Net assets that are subject to donor-imposed restrictions. These include net assets that are subject to time or purpose restrictions and donor restricted endowments. Assets with time or purpose restrictions are satisfied either by the passage of time or by actions of the Organization. Donor restricted endowments must be maintained permanently by the Organization and only the income may be used as specified by the donor. Donor restricted endowments consist primarily of the historical dollar value of contributions to donor-restricted endowment funds.

Revenue is reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. If an expense is incurred for a purpose for which net assets with donor restrictions are available, a donor-imposed restriction is fulfilled to the extent of the expense incurred. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as release from restrictions in the consolidated statement of activities. The Organization adopts the simultaneous release option for donor-restricted conditional grants that are recognized and used within the same reporting period, and thus are reported as net assets without donor restrictions.

Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donors or by law.

(b) United States Government Grants and Contracts

The Organization receives funding under grants and contracts from the government of the United States of America (U.S.) for direct and indirect program costs and to provide certain whole or partial sub-grants to other agencies. This funding is subject to U.S. government restrictions, which must be met through incurring qualifying expenses for particular programs. Revenue from U.S. government grants and contracts is recognized when funds are utilized by the Organization to carry out the activity, accomplish the milestones/objectives, or meet performance obligations stipulated in the grant or contract agreement.

(Amounts in thousands)

		2023	2022
U.S. government grants and contracts receivable, net	$	61,843	86,208
U.S. government deferred revenue		3,576	5,018
U.S. government obligated conditional contributions (2024-2028)		455,043	526,900
U.S. government obligated conditional grants by SCUS to subrecipients (2024-2028)		613,412	359,074

Fees related to U.S. government contracts are recognized as earned. Fees earned are reported on the consolidated statement of activities as other income.

(c) Contributions, Private Grants, and Other Public Sources

The Organization receives funding under grants and contributions from public and private grantors, for direct and indirect program costs and to provide certain whole or partial subgrants to other agencies. This funding may be subject to donor restrictions, which must be met through incurring qualifying expenses for particular programs.

		2023	2022
Non-U.S. government grants and contracts receivable, net	$	6,591	11,859
Non-U.S. government deferred revenue		64,625	57,147
Non-U.S. government obligated conditional contributions (2024-2028)		258,856	202,822
Non-U.S. government obligated conditional grants by SCUS to subrecipients (2024-2028)		279,800	248,449

Public and private grants or contributions are conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred asset or a right of release of the promisor’s obligation to the transferred assets. Conditional contributions received with donor-imposed barriers are recognized as revenue when the barriers have been met. Amounts received in advance of satisfying the donor-imposed barriers are reported as deferred revenue until the barriers are met.

Unconditional contributions are recognized as revenue at fair value when received or pledged. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting anticipated future cash receipts at a risk-adjusted rate for the duration of the donor’s payment plan. Amortization of the discount is recorded as additional contribution revenue. An allowance for uncollectible contributions is estimated based upon prior year collection history and analysis of past-due amounts. Time or purpose restrictions on the use of contributions are satisfied by passage of time or use of funds, and released from restriction, accordingly.

(Amounts in thousands)

Bequest income is recorded when the will has gone through probate, is declared legally valid, and the interests that the Organization has in a decedent's estate are reasonably estimated and assured to be received. The Board of Trustees has determined by resolution that bequest income without donor restrictions is included in operating revenue up to the current year board approved budget for bequest revenue. In the event there is an excess of unrestricted bequests, this will first make up any operating unrestricted revenue shortfall, and the remainder will be reclassified to board-designated operating reserves under nonoperating activities.

Per the Organization's financial resources policy, operating surplus is transferred to the operating reserve up to a maximum of 6% of unrestricted expense budget, as determined by resolution of the Board of Trustees. The amounts classified as board-designated funds may be released to address key strategic purposes as determined by the management team. In 2023 and 2022, respectively, the Organization transferred $0 and $3,570 to the board-designated operating reserve, per prior year surplus, by resolution of the Board of Trustees.

(d) Gifts-in-Kind, Donated Services, and Commodities

The Organization receives various forms of gift-in-kind (GIK) including media, food and non-food items such as books and household goods, in-kind services, and cryptocurrency. GIK are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. GIK are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. Donated GIK are not sold, and goods are only distributed for program use. Cryptocurrency is held only until sold by a third-party crypto donation platform.

Non-financial contributions category	Type of contributions for beneficiaries	Valuation	2023	2022
Media	Digital, broadcast, and public service announcements	Third-party estimates using billing rates in like circumstances	$ 6,547	12,059
Food and non-food items	Food, books, hygiene products, and household goods	U.S. wholesale prices of identical or similar products	19,362	41,378
In-kind services	Professional services such as human resources consulting, facilities, freight and legal pro bono services	Standard industry pricing for similar services	309	1,395
Cryptocurrency	Digital currency	Converted to cash by third party processor	419	1,664
Total			$ 26,637	56,496

(Amounts in thousands)

A substantial number of individuals have volunteered significant amounts of their time to program and supporting functions; however, these services do not meet the criteria for recognition in accordance with U.S. generally accepted accounting principles and, therefore, are not recorded in the accompanying consolidated financial statements.

Donated commodities under awards are reported at fair value and recognized as revenue and expense when the commodities are distributed for program purposes and received by the recipients. During the years ended December 31, 2023, and 2022, the Organization was granted, under awards, certain agricultural commodities for famine relief and food aid and medical commodities for health programming. The commodities and related freight, where applicable, are detailed below:

	Commodity type		2023	2022
USAID	Agricultural	$	9,963	4,388
World Food Programme	Agricultural		8,559	30,884
The Global Fund	Pharmaceutical		6,857	8,126
United States Department of Agriculture	Agricultural		2,544	5,057
Various organizations or vendors from USDA	Agricultural		264	258
Various organizations from USAID	Agricultural		—	128
Other private vendors	Other nonfood		—	1
		$	28,187	48,842

Food commodities supplied to the Organization through U.S. government programs managed by U.S. Agency for International Development (USAID) or U.S. Department of Agriculture (USDA) are valued according to commercial prices paid as stated on the purchase order and ocean bill of lading. USAID/USDA food commodities are procured by the Farm Service Agency, the procurement arm of USDA that purchases all food commodities on behalf of international nongovernmental organizations (NGOs) and the World Food Programme (WFP), on the U.S. commercial market using funds granted to the Organization.

Other WFP contracts procure commodities through the conduct of its own competitive tender solicitations in various countries around the world. The value of those commodities is the amount WFP pays to its commercial vendors. The freight portion of the WFP commodity value is the amount WFP pays to carriers who are contracted through the solicitation of competitive offers.

(e) Split-Interest Agreements

Split-interest agreements consist of charitable gift annuities, charitable remainder unitrusts, charitable lead annuity trusts, pooled income funds, and perpetual trusts. Such split-interest agreements provide for payments to the donors, their beneficiaries, based upon either the income earned on related investments, or the specified annuity amounts. Assets held under these arrangements are reported at fair value in the accompanying consolidated statement of financial position. Contribution revenue is recognized at the date the trust or the annuity contract are established, and liabilities are recorded for the present value of the estimated future payments expected to be made to the donors and/or other beneficiaries. The liabilities are adjusted annually for changes in the life expectancy of the donor or beneficiary, amortization of the discount, and other changes in the estimate of future payments and recognized as a nonoperating activity. The related liability for split-interest agreements is included in accounts payable and accrued liabilities in the accompanying consolidated statement of financial position.

Investments of charitable gift annuities held by Save the Children Federation, Inc. as of December 2023 and 2022, respectively, are $2,979 and $2,688. The related liability is included in accounts payable and accrued liabilities in the accompanying consolidated statement of financial position in the amount of $1,123 and $1,161 for 2023 and 2022, respectively.

(f) Functional Expenses

The Organization allocates expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program or supporting service are reported, accordingly. Other expenses that are common to several functions are allocated by various statistical bases, which attribute the cost to functional categories. Statistical bases utilized include, but are not limited to, square footage occupied by business units and estimated time and effort supporting other functions.

The Organization conducts activities related to fundraising that have elements of other functions, such as program services (advocacy), for which the fundraising expenses are allocated (joint costs). The total expense included in the allocation is $31,546 and $36,772 for 2023 and 2022, respectively. Of the totals, $13,180 and $14,114 are allocated to program services and $18,366 and $22,658 are allocated to supporting services, in 2023 and 2022, respectively. These costs include GIK for media and broadcast time, salaries for staff dependent on the nature of work, and campaigns, which are reviewed for intent of messaging, and nature of support.

Other expenses represent the aggregate of various other program service costs (community labor expense and cash transfer programs) and items not individually classified in the accompanying consolidated statement of functional expenses due to their varying nature and amount from year to year (includes items such as event expense, bank charges, credit card fees, reference materials, bad debt, and membership fees).

Program activities include costs of the Organization associated with the delivery of programs relating to education, child rights governance, child protection, child poverty, and health and nutrition. Program activities – SCI includes these activities implemented through SCI. Program development and public policy support relate to the development and technical support of programs and the advocacy efforts in support of the children. Management and general – SCI represents the Organization’s payment of SCI’s management and general expense.

(g) Measure of Operations

The Organization includes in its measure of operations all revenues and expenses that are integral to its program services and supporting services. The measure of operations for the years ended December 31, 2023 and 2022 includes investment return appropriated for operations and transfers from operating reserve and excludes investment returns in excess of or less than the amount appropriated for operations, transfers to board-designated and operating reserve as mentioned in note 2(c), increases or decreases in donor-restricted endowment funds, foreign currency exchange and derivative instruments gains/losses, contributions and changes in value of split-interest agreements, post-retirement changes other than net periodic benefit cost, and other nonrecurring transactions.

(h) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars, the reporting currency at exchange rates in effect at the consolidated statement of financial position date, and revenue and expenses are translated at rates, which approximate those in effect on transaction dates. Net transaction and translation gains and losses are included as foreign currency exchange gain or loss in the accompanying consolidated statement of activities.

(i) Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with original maturities of three months or less, other than those held as part of the investment portfolio, to be cash equivalents.

(j) Investments

Investments with readily determinable fair values are reported at fair value based upon quoted market prices or published net asset values for alternative investments with characteristics similar to a mutual fund. Other alternative investments (nontraditional, not readily marketable vehicles), such as certain hedge funds, private equity, private company preferred stock shares, alternative hedged strategies, and real assets are reported at net asset value, as a practical expedient for estimated fair value, as provided by the investment managers of the respective funds. These values are reviewed and evaluated by the Organization’s management for reasonableness. The reported values may differ from the values that would have been reported had a ready market for these investments existed. All other investments are stated at fair value based upon quoted market prices in active markets.

Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses are determined on the basis of average cost of securities sold and are reflected in the consolidated statement of activities. Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis.

(k) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. U.S. GAAP requires the

(Continued)

Organization to disclose the fair value of each of its assets and liabilities based on the level of observable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date or published net asset value for alternative investments with characteristics similar to a mutual fund.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement falls, in its entirety, is based on the lowest level input that is significant to the fair value measurement.

(l) Leases

Transactions give rise to leases when the Organization receives substantially all the economic benefits from and has the ability to direct the use of specified property, plant, and equipment. The Organization has lessee activity that is classified as operating leases. Operating leases are included in operating lease right-of-use assets and operating lease liabilities in the consolidated statement of financial position unless the term of the lease is 12 months or less.

Right-of-use assets represent the right to use underlying assets for the lease term and lease liabilities represent obligations to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization uses the risk-free rate at lease commencement to perform a lease classification test and to measure the lease liability and right-of-use asset. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

(m) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost if purchased or fair value on date of contribution. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the respective assets. Capitalized costs incurred in connection with ongoing capital projects are recorded as work in progress. These costs will be reclassified into categories and depreciated once placed in service.

(Continued)

(Amounts in thousands)

The estimated useful lives by asset class are as follows:

	Years
Buildings	25–50
Building improvements	10
Vehicles and machinery	5
Furniture and office equipment	5
Software and computer equipment	3–5

(n) Tax Status

The Internal Revenue Service has ruled that, pursuant to Section 501(c)(3) of the Internal Revenue Code (the Code), SCUS and Head Start are exempt from federal income taxes and are publicly supported organizations, as defined in Section 509(a)(1) of the Code. Effective March 11, 2014, the Internal Revenue Service determined that SCAN is exempt from federal income tax under Section 501(c)(4) of the Code. SCAN NM and SCAN Victory Fund filed notices of Section 527 status in 2022 and 2023, respectively. As not-for-profit organizations, SCUS, Head Start, SCAN, SCAN NM, and SCAN Victory Fund are exempt from state and local income taxes. CDA and SCF were incorporated in Singapore in September 2020 as exempt private companies limited by shares. PT SMM was incorporated in Indonesia in 2021 as an LLC.

The Organization follows the guidance of Accounting Standards Codification Topic 740, Income Taxes, related to uncertainties in income taxes, which prescribes a threshold of more-likely-than-not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization believes it has taken no significant uncertain tax positions.

(o) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates made in the preparation of the consolidated financial statements include the fair value of GIK, operating lease liability, valuation of investments, and the net realizable value of receivables. Actual results could differ from those estimates.

(p) Inventory

Inventory consists of program materials and emergency response supplies not used as of December 31st. Inventory is recorded at cost on purchase, while contributed inventory is recorded at fair value. Inventory is reduced and expensed when used and distributed.

(Amounts in thousands)

(q) Presentation of Certain Prior Year Information

The consolidated statements of activities and functional expenses include certain prior year summarized consolidated financial information for comparative purposes only, such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2022 from which the summarized information was derived.

(r) Reclassifications

Reclassifications were made to certain 2022 amounts to conform to the current year presentation.

(3) Investments

Investments consisted of the following at December 31, 2023 and 2022:

		Fair value	
		2023	**2022**
Cash equivalents	$	8,760	17,974
Short-term investments		—	12,790
Fixed income		26,798	23,363
Public equity		99,107	77,209
Private equity		9,635	8,176
Alternative hedged strategies		43,484	37,479
Real assets		9,098	10,807
	$	196,882	187,798

The Organization is obligated under certain limited partnership investment fund agreements to advance additional funding periodically up to specified levels. Unfunded commitments were $11,948 as of December 31, 2023.

Information pertaining to investment strategies is as follows:

- Cash equivalents provide short-term liquidity and serve as a funding source for distributions and rebalancing.
- The short-term investment category includes U.S. Treasury bills with maturities over three months and provides additional yield on cash not needed for immediate operations.
- The fixed income category comprises strategies that invest principally in debt instruments issued by governments or companies or through the securitization of certain types of collateral. Fixed income provides stability and protection in deflationary environments.

- The public equity category comprises investment strategies that invest principally in publicly traded equity securities. These strategies are generally designed with reference to a benchmark that itself comprises equity securities that are traded on a recognized exchange. Public equities may include hedge funds whose investment objectives are benchmarked to equity markets.
- The private equity category comprises investment strategies that invest principally in privately issued equity-related securities. This category includes strategies that participate in venture capital, leveraged buyouts and control-oriented distressed situations. This category also includes private company preferred stock shares.
- The alternative hedged strategies category comprises strategies that seek to generate return streams that are not highly correlated to broad capital markets and that rely less on the general direction of capital markets to produce positive returns. These strategies may take a variety of forms, including long or short positions in the public equity or credit markets that seek to capitalize on perceived mispricing or on the anticipated outcome of an “event,” such as a merger or bankruptcy proceeding. Alternative hedged strategies are employed to offer market comparable returns with lower expected volatility.
- Real assets comprise strategies that invest in securities relating to real estate. This strategy provides the portfolio with a diversified hedge against inflation as well as a yield component. The real assets strategy consisted of one real estate investment trust and a mutual fund. Investments within this strategy include commodities, global natural resource stocks, global infrastructure stocks, U.S. real estate investment trusts, and treasury inflation protected securities.

The above asset categories are managed to create a portfolio effect to balance risk and return to meet investment objectives.

(Continued)

(Amounts in thousands)

(4) Fair Value Measurements

The following table presents investments by strategy and fair value as of December 31:

	Assets at fair value as of December 31, 2023				
	Measured at NAV	Level 1	Level 2	Level 3	Total
Long-term investment strategies:					
Cash equivalents	$ —	8,760	—	—	8,760
Fixed income:					
Domestic mutual funds	—	26,798	—	—	26,798
Equity:					
Global	—	11,874	—	—	11,874
Hedge funds	87,233	—	—	—	87,233
Private equity	9,635	—	—	—	9,635
Alternative hedged strategies	43,484	—	—	—	43,484
Real assets:					
Real estate investment trust	4	—	—	—	4
Mutual funds	—	9,094	—	—	9,094
Total investments	$ 140,356	56,526	—	—	196,882
Assets of Pooled Income Funds (PIF) and Charitable Gift Annuities (CGA):					
Cash equivalents	$ —	57	—	—	57
Fixed income	597	123	196	—	916
Public equity	1,718	288	—	—	2,006
Total assets of PIF and CGA	$ 2,315	468	196	—	2,979
Beneficial interests in perpetual trusts held by third parties	$ —	—	—	15,566	15,566

(Amounts in thousands)

	Assets at fair value as of December 31, 2022				
	Measured at NAV	Level 1	Level 2	Level 3	Total
Long-term investment strategies:					
Cash equivalents	$ —	17,974	—	—	17,974
Fixed income:					
Domestic mutual funds	—	23,363	—	—	23,363
Equity:					
Global	—	6,266	—	—	6,266
Hedge funds	70,943	—	—	—	70,943
Private equity	8,176	—	—	—	8,176
Alternative hedged strategies	37,479	—	—	—	37,479
Real assets:					
Mutual funds	—	10,807	—	—	10,807
Short-term investment strategies:					
U.S. Treasury bills	—	12,790	—	—	12,790
Total investments	$ 116,598	71,200	—	—	187,798
Assets of Pooled Income Funds (PIF) and Charitable Gift Annuities (CGA):					
Cash equivalents	$ —	62	—	—	62
Fixed income	507	117	185	—	809
Public equity	1,554	263	—	—	1,817
Total assets of PIF and CGA	$ 2,061	442	185	—	2,688
Beneficial interests in perpetual trusts held by third parties	$ —	—	—	14,383	14,383

The following table includes a roll-forward for the years ended December 31, 2023 and 2022 for financial instruments classified within Level 3.

	Perpetual trusts
Balance, December 31, 2021	$ 17,333
Net depreciation	(2,950)
Balance, December 31, 2022	14,383
Net appreciation	1,183
Balance, December 31, 2023	$ 15,566

(Amounts in thousands)

Investments measured at net asset value contain various monthly, quarterly, and annual redemption restrictions with required written notice ranging from 1 to 90 days. In addition, certain of these investments are restricted by lockup periods. As of December 31, 2023, the following table summarizes the composition of such investments by the various redemption and lockup provisions:

Redemption period	Days notice for redemption	Amount
Monthly:		
Public equity – hedge funds	10-30	$ 20,144
Quarterly:		
Equity – hedge funds and alternative hedged strategies	30–90	69,137
Annually:		
Alternative hedged strategies	60–90	29,597
Lockup (a):		
Equity – hedge funds and alternative hedged strategies	Not applicable	11,839
Private equity	Not applicable	9,635
Real estate investment trust	Not applicable	4
Pooled income funds and gift annuity	Not applicable	2,315
Total		$ 142,671

(a) The amounts subject to redemption lockups at December 31, 2023 that are set to expire are as follows:

Fiscal year	Amount
2024:	
Private equity	$ 9,635
Equity – hedge funds	6,347
Real estate investment trust	4
2025 and beyond:	
Equities – hedge funds	1,267
Alternative hedged strategies	4,225
Assets of PIF and CGA	2,315
Total	$ 23,793

(5) Endowments

The Organization’s endowment consists of 96 individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

The Organization is subject to the State of Connecticut's version of the Uniform Prudent Management of Institutional Funds Act (CUPMIFA). Based on the interpretation of CUPMIFA by the Board of Trustees of the Organization, applicable accounting guidance, and absent explicit donor stipulations to the contrary, the Organization classifies net assets of a perpetual nature with donor restrictions as (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Board of Trustees of the Organization in a manner consistent with the standard of prudence prescribed by CUPMIFA. In accordance with CUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization
- Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original dollar value of the endowment fund or the level specifically required to be retained by the donor. The Organization considers prudence in maintaining an endowment fund in perpetuity. While spending may occur from an endowment fund whose fair value is below its historic value, the organization has determined that its policies will continue the perpetual nature of the endowment over time. There were no deficiencies as of December 31, 2023 and 2022.

(b) Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified period(s) as

(Continued)

(Amounts in thousands)

well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs of at least 4.5% over the long term while shouldering an acceptable level of risk and maintaining adequate liquidity. Actual returns in any given year may vary from this amount.

(c) Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based and alternative investments to achieve its long-term objective within prudent risk constraints.

(d) Spending Policy and How the Investment Objectives Relate to Spending Policy

The policy governing the investment of the Organization’s endowment is twofold: to provide a reasonable and prudent level of currently expendable income in accordance with the spending policy set by the Finance Committee of the Organization’s Board of Trustees at 4.5% (in 2023 and 2022) of the average of the endowment’s total market value for the 12 quarters ending June 30 of the previous year in which distribution is planned; and to support the Organization and its mission over the long term by ensuring that the future growth of the endowment is sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the endowment for the benefit of future generations of children in need. If a fund is under the historic dollar value, the spending rate may be reduced, as best determined to be appropriate, by the Finance Committee with approval by the Board of Trustees. The Finance Committee must approve any expenditures of endowment funds in excess of the spending rate.

At December 31, 2023 and 2022, endowment net assets, excluding beneficial interests in perpetual trusts held by third parties, consist of the following:

		2023		
		Without donor restrictions	**With donor restrictions**	**Total**
Donor-restricted funds	$	—	64,235	64,235
Board-designated funds		115,042	750	115,792
Total endowments	$	115,042	64,985	180,027

(Amounts in thousands)

		2022		
		Without donor restrictions	**With donor restrictions**	**Total**
Donor-restricted funds	$	—	51,779	51,779
Board-designated funds		106,346	750	107,096
Total endowments	$	106,346	52,529	158,875

Changes in endowment net assets, not including endowment receivables of $0 and $5,759 as of December 31, 2023 and 2022, respectively, for the years ended December 31, 2023 and 2022 consisted of the following:

		Without donor restrictions	**With donor restrictions**	**Total**
Endowment net assets, December 31, 2021	$	129,211	60,975	190,186
Investment loss, net		(17,698)	(7,079)	(24,777)
Contributions		—	392	392
Spending rate		(5,167)	(1,759)	(6,926)
Endowment net assets, December 31, 2022		106,346	52,529	158,875
Investment return, net		14,215	6,311	20,526
Contributions		—	8,084	8,084
Spending rate		(5,519)	(1,939)	(7,458)
Endowment net assets, December 31, 2023	$	115,042	64,985	180,027

(Amounts in thousands)

(6) Contributions Receivable, Net

Contributions receivable consisted of the following as of December 31, 2023 and 2022:

		2023	2022
Contributions receivable:			
Due within one year	$	20,047	20,500
Due within two to five years		4,996	3,078
		25,043	23,578
Less discount to present value (average rate of 0.36% to 4.79%)		(290)	(178)
Pledges receivable, net		24,753	23,400
Charitable remainder unitrusts and charitable lead annuity trusts receivable		501	501
Total contributions receivable, net	$	25,254	23,901

On December 31, 2023 and 2022, amounts receivable from two donors represents approximately 14% and 47%, respectively, of the net contributions receivable.

(7) Property, Plant, and Equipment, Net

Property, plant, and equipment consisted of the following as of December 31, 2023 and 2022:

		2023	2022
Land	$	469	474
Buildings and improvements		1,391	1,256
Software and computer equipment		27,211	26,511
Vehicles and machinery		737	303
Furniture and office equipment		166	154
Agricultural assets		—	35
		29,974	28,733
Accumulated depreciation and amortization		(24,853)	(22,504)
Work in progress		7,561	326
Total property, plant, and equipment, net	$	12,682	6,555

(Amounts in thousands)

(8) Lines of Credit

In 2023, the Organization maintained one $15,000 revolving line of credit. The line of credit expires October 25, 2024. Borrowings under the current $15,000 line of credit bear interest equal to the Bloomberg Short Term Bank Yield Daily Floating Rate plus 0.95%. In addition to the revolving line of credit, the Organization maintained two standby letters of credit totaling $3,499 during 2023, expiring in July 2024. As of December 31, 2023 and 2022, there were no borrowings outstanding under such agreements nor any borrowings during the fiscal years.

(9) Employee Benefits

The Organization maintains two defined-contribution plans covering all eligible employees. The plans require the Organization to contribute 4% of each eligible employee's compensation and match 100% of the first 4% contributed by each eligible employee. During the years ended December 31, 2023 and 2022, total pension expense under the defined contribution plans was $8,464 and $6,609, respectively.

The Organization has self-insured group health benefit plans, including comprehensive medical, dental and prescription drug coverage. For 2023, the individual stop loss limit is $175 per person and the aggregate maximum is $15,525 in claims.

(10) Postretirement Benefits Other than Pensions

In addition to providing pension benefits, the Organization provides healthcare benefits for certain retired employees. To be eligible for these benefits, employees must complete at least 10 years of service and have reached age 55. Dental, life, and accidental death and dismemberment benefits for participants who retired before October 1, 1995 are also provided. The expected cost of providing postretirement benefits to employees and their beneficiaries and covered dependents, if applicable, is accrued during the years that the employees render service. The following tables set forth amounts relating to postretirement benefits other than pensions recognized as of and for the years ended December 31, 2023 and 2022:

		2023	2022
Change in benefit obligation:			
Benefit obligation at beginning of year	$	3,763	4,269
Service cost		624	888
Interest cost		182	112
Plan participant contributions		56	40
Plan amendments		—	—
Actuarial gain		(270)	(1,435)
Benefits paid		(140)	(111)
Benefit obligation at end of year		4,215	3,763

(Amounts in thousands)

		2023	2022
Change in plan assets:			
Fair value of plan assets at beginning of year	$	—	—
SCUS contribution		84	71
Plan participant contributions		56	40
Benefits paid		(140)	(111)
Fair value of plan assets at end of year		—	—
Postretirement benefits other than pensions liability	$	4,215	3,763
Components of net periodic benefit cost:			
Service cost	$	624	888
Interest cost		182	112
Amortization of prior service cost		(50)	(50)
Amortization of net loss		(187)	(61)
Net periodic benefit cost	$	569	889

	2023	2022
Assumption used for benefit obligation as of December 31, 2023 and 2022:		
Discount rate	4.77 %	4.96 %
Assumptions used for benefit cost for the years ended December 31, 2023 and 2022:		
Discount rate	4.96 %	2.68 %

(Amounts in thousands)

		2023	2022
The components of postretirement benefit cost other than net periodic benefit cost for the years ended December 31, 2023 and 2022:			
Net actuarial gain	$	(33)	(1,323)
Total	$	(33)	(1,323)
Amounts not yet recognized as a component of net periodic benefit cost as of December 31, 2023 and 2022:			
Net actuarial loss	$	2,728	2,695
Total	$	2,728	2,695

The following future benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Years		Amount
2024	$	235
2025		242
2026		225
2027		250
2028		271
2029–2033		1,726

The benefit obligation takes into account several assumptions, including the incidence and magnitude of medical claims by age, medical trend, employee turnover, and mortality. The mortality assumption includes projections of improved longevity in the future. The medical trend assumption has limited impact on the benefit obligation because of the organization capping its cost portion at January 1, 2001 levels. Effective January 1, 2002, retirees began paying for cost increases in excess of the January 1, 2001 levels.

The Organization has not identified any provisions of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act that would be expected to have a significant impact on the measured obligation at December 31, 2023 and 2022.

(Amounts in thousands)

(11) Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes for the years ended December 31, 2023 and 2022, inclusive of appreciation on endowment corpus of $11,890 and $7,752, respectively.

		2023	2022
International programming	$	57,184	52,559
Domestic programming		18,977	23,742
Sponsorship		10,379	10,834
GIK programs		2,567	7,180
Other		17,869	17,992
Beneficial interest in perpetual trusts		15,566	14,383
Endowment corpus		53,095	44,780
Endowment corpus contribution receivable		—	5,759
	$	175,637	177,229

(12) Leases

The Organization has operating leases for office space, warehouses, classrooms, and land, which expire at various dates through June 2035. In April 2023, the Organization amended the office space lease in Washington, D.C. to surrender 22,949 square feet and extend the lease term on the remaining 35,819 square feet by four years, expiring in March 2035. The Organization accounted for the amendment as a modification and recognized a $906 gain on remeasurement of the right-of-use asset.

Free rent and incentive payments are accounted for on a straight-line basis over the life of the lease and are netted against operating lease right-of-use assets. Operating leases with lease terms greater than one year are reported as operating lease right-of-use assets, net and operating lease liabilities in the consolidated statement of financial position.

(Amounts in thousands)

The table below presents a maturity analysis of lease liabilities and a reconciliation of the total amount of such liabilities recognized in the consolidated balance sheet at December 31, 2023:

2024	$	5,076
2025		5,516
2026		5,407
2027		5,082
2028		3,738
Thereafter		15,281
		40,100
Less discount for net present value		(5,021)
	$	35,079

Lease costs and other related information for the years ended December 31, 2023 and 2022 were as follows:

		2023	2022
Lease cost:			
Operating lease cost	$	6,210	6,336
Other information:			
Weighted-average remaining lease term – operating leases		7.8 years	7.5 years
Weighted-average discount rate – operating leases		2.99 %	1.65 %

(13) Commitments and Contingencies

The Organization is involved in various legal proceedings and claims arising in the normal course of business. Management does not expect the ultimate resolution of these actions to have a material adverse effect on the Organization's financial position, changes in net assets, or cash flows.

The Organization receives funding from government agencies for various activities, which are subject to audit. Although such audits may result in disallowance of certain expenditures, which would be absorbed by the Organization, in management's opinion, the ultimate outcome of such audits would not have a significant effect on the financial position, changes in net assets, or cash flows of the Organization.

Government of Bolivia versus Save the Children (Bolivia)

SCUS was a cooperating sponsor with USAID in connection with USAID's Food for Peace (USAID/FFP) commodity distribution and monetization program in Bolivia. Due to a long unresolved disagreement between the Government of Bolivia and the Government of the United States and in contravention of bilateral agreements between the two governments, the Government of Bolivia began asserting claims in December 2008 of past due taxes on shipments imported by SCUS and other NGOs working with the USAID/FFP program. As of December 31, 2023, approximately 60 separate claims related to shipments between 2002 and 2009, with a collective value of approximately $15,348, are pending before Bolivian courts. SCUS has filed objections and is defending each claim. Additionally, SCUS maintains no material assets in country. As of December 31, 2023, no amounts have been accrued relating to this matter due to the uncertainty of the outcome.

(14) Significant Funders and Concentrations of Credit Risk

Revenue from U.S. government grants and contracts, including U.S. government commodities and ocean freight, represented 54.8% and 47.0% of total operating revenue for 2023 and 2022, respectively. During the years ended December 31, 2023 and 2022, 78.3% and 79.5%, respectively, of such U.S. government revenue were received from USAID through direct and pass-through awards. At December 31, 2023 and 2022, 59.8% and 64.9% of grants and contracts receivable and 2.1% and 4.3%, respectively, of deferred revenue received under grants and contracts were related to USAID. The operations of the Organization's programs at present levels are dependent upon continued funding from USAID.

Financial instruments that are potentially subject to concentrations of credit risk consist principally of foreign cash and cash equivalents. At December 31, 2023 and 2022, 2.2% and 2.0%, respectively, of cash and cash equivalents (including liquid investments) were deposited in banks in foreign locations. In addition, at December 31, 2023 and 2022, 48.7% and 45.7%, respectively, of the Organization's cash and cash equivalents were held by a single institution, for which $250 was insured by the Federal Deposit Insurance Corporation.

(Amounts in thousands)

(15) Program Activities

A summary of program activities (without program development and public policy support) by sector and type for the years ended December 31, 2023 and 2022 is as follows:

	2023						
	Education	Child rights governance	Child protection	Child poverty	Health and nutrition	Total	2022
Salaries	$ 43,622	10	1,825	11,731	10,752	67,940	59,753
Employee fringe benefits	13,310	3	541	3,552	3,073	20,479	17,597
Total salaries and related expenses	56,932	13	2,366	15,283	13,825	88,419	77,350
Grants and charges from SCI	68,142	3,463	54,625	211,691	240,363	578,284	670,993
Grants to other agencies	56,819	89	3,878	21,753	9,671	92,210	103,921
Supplies, material, etc.	11,420	1	130	2,634	1,142	15,327	16,952
Travel	1,879	1	131	911	864	3,786	3,775
Professional fees	5,931	3	383	3,482	1,860	11,659	11,980
Occupancy	6,621	1	69	462	272	7,425	6,548
Telecommunications	695	—	7	194	30	926	957
Printing, postage, and shipping	670	—	21	187	77	955	1,746
Depreciation and amortization	320	—	16	430	63	829	1,036
Other	1,782	—	106	2,006	669	4,563	2,715
Total expenses	$ 211,211	3,571	61,732	259,033	268,836	804,383	897,973

(16) Liquidity and Availability

The Organization regularly monitors liquidity required to meet its operating needs and other financial commitments, while also striving to maximize the investment of its available funds. The Organization maintains a financial resources policy that outlines acceptable investment vehicles for working capital, which includes reserves to be spent in the short term on current activities, donor restricted funds meant to be spent down over a relatively short period of time to fund programs, and operating cash, which includes gifts without donor restrictions and with restriction or funds for operating needs. Per the policy, the Organization invests available cash needed for its general expenditures, liabilities, and other obligations in short-term investments, specifically interest bearing checking accounts, money market funds, treasury bills, and money market mutual funds.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of providing services for children and community self-help assistance in the U.S. and throughout the world, as well as the conduct of activities to support those service operations, to be general expenditures. In addition to the financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient funds to cover general expenditures not covered by donor-restricted resources.

(Continued)

(Amounts in thousands)

Financial assets for general expenditures available within one year from December 31 are as follows:

		2023	2022
Cash and cash equivalents	$	93,657	121,108
Grants and contracts receivable		68,434	98,067
Contributions receivable, net		25,254	23,901
Due from Save the Children International, net		35,731	14,189
Investments		196,882	187,798
Assets of pooled income fund and charitable gift annuities		2,979	2,688
Total financial assets		422,937	447,751
Add endowment spending rate		7,720	7,456
Less amounts unavailable for general expenditures within one year:			
Due from Save the Children International, net		(3,000)	—
Endowment funds restricted by donors of a perpetual nature		(53,095)	(50,539)
Unencumbered liquid assets required for line of credit		(35,000)	(35,000)
Contributions due beyond one year		(5,207)	(3,401)
Active PIF and CGA not yet terminated		(2,292)	(2,444)
Board-designated endowment		(115,042)	(106,346)
Board-designated operating reserve		(14,611)	(14,611)
Donor restricted endowment appreciation		(11,890)	(7,752)
Total financial assets available for general expenditure within one year		190,520	235,114
Other resources available:			
Lines of credit		15,000	15,000
Total financial assets and other resources available for general expenditure within one year	$	205,520	250,114

In addition to the financial assets and other resources available for general expenditure within one year, the Organization has board-designated endowment net assets without donor restrictions of $115,042 and $106,346 in 2023 and 2022, respectively, that, while the Organization does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, with Board approval, if necessary. Furthermore, an operating reserve of $14,611 in 2023 and 2022, is available by action of the Board of Trustees and is funded from any annual budgeted or unbudgeted surpluses. Board approval is required to access funds from the operating reserve.

(Continued)

(17) Due from Save the Children International, Net

At December 31, 2023 and 2022, due from SCI, net was $35,731 and $14,189, respectively and includes amounts advanced by the Organization for program operations, and working capital to achieve programmatic objectives. In 2023 the amount due from SCI also included loans to support the transition of the United Nations (UN) portfolio and vehicle fleet improvement.

In 2023, the Organization entered into agreements to support SCI in the transition of the UN portfolio to their direct management and to help fund a fleet improvement project. The term of the UN support is 18 months with expiration in June 2024 and the total was $1,553 as of December 31, 2023. The term of the fleet loan is seven years with expiration in January 2030 bearing interest at 3% per annum. The total of the fleet loan was $3,000 as of December 31, 2023, and repayments commence in April 2025.

(18) Subsequent Events

In connection with the preparation of the consolidated financial statements, the Organization evaluated subsequent events from December 31, 2023 through May 31, 2024, which was the date the consolidated financial statements were available for issuance.