

SPIRITUALITY FOR KIDS INTERNATIONAL, INC.

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

DECEMBER 31, 2025



Gurseley | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

SPIRITUALITY FOR KIDS INTERNATIONAL, INC.
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

December 31, 2025 and 2024

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Independent Accountant's Review Report

To the Board of Directors
Spirituality for Kids International, Inc.
Los Angeles, California

We have reviewed the accompanying financial statements of Spirituality for Kids International, Inc. (a California nonprofit public benefit corporation), which comprise the statement of financial position as of December 31, 2025 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are also required to be independent of Spirituality for Kids International, Inc. and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of Spirituality for Kids International, Inc. as of and for the year ended December 31, 2024 were compiled by us, and we did not audit or review those financial statements. Accordingly, we did not express an opinion, a conclusion, nor provided any assurance on them.

Gursey | Schneider LLP

April 5, 2026
Los Angeles, California

SPIRITUALITY FOR KIDS INTERNATIONAL, INC.
(A California Nonprofit Public Benefit Corporation)
Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
<u>ASSETS</u>		
Cash and cash equivalents	\$ 33,102	\$ 28,312
Investments, at fair value	767,361	973,137
Prepaid expenses and other assets	15,615	9,185
Intangible assets, net	45,613	48,890
TOTAL ASSETS	\$ 861,691	\$ 1,059,524
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 31,227	\$ 34,347
NET ASSETS		
Without donor restrictions	830,464	1,025,177
TOTAL LIABILITIES AND NET ASSETS	\$ 861,691	\$ 1,059,524

See Independent Accountant's Review Report and
Accompanying Notes to Financial Statements

SPIRITUALITY FOR KIDS INTERNATIONAL, INC.
(A California Nonprofit Public Benefit Corporation)
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 53,649	\$ -	\$ 53,649
Investment income (loss), net	114,168	-	114,168
Licensing and other revenue	13,445	-	13,445
Net assets released from restrictions	-	-	-
Total Revenue and Support	181,262	-	181,262
FUNCTIONAL EXPENSES			
Program expenses	277,662	-	277,662
General and administrative	56,487	-	56,487
Fundraising	41,826	-	41,826
Total Functional Expenses	375,975	-	375,975
CHANGES IN NET ASSETS	(194,713)	-	(194,713)
NET ASSETS, Beginning of Year	1,025,177	-	1,025,177
NET ASSETS, End of Year	\$ 830,464	\$ -	\$ 830,464

See Independent Accountant's Review Report and
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SPIRITUALITY FOR KIDS INTERNATIONAL, INC.
(A California Nonprofit Public Benefit Corporation)
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 44,266	\$ -	\$ 44,266
Investment income (loss), net	112,553	-	112,553
Licensing and other revenue	6,236	-	6,236
Net assets released from restrictions	5,000	(5,000)	-
Total Revenue and Support	168,055	(5,000)	163,055
FUNCTIONAL EXPENSES			
Program expenses	319,752	-	319,752
General and administrative	56,909	-	56,909
Fundraising	40,126	-	40,126
Total Functional Expenses	416,787	-	416,787
CHANGES IN NET ASSETS	(248,732)	(5,000)	(253,732)
NET ASSETS, Beginning of Year	1,273,909	5,000	1,278,909
NET ASSETS, End of Year	\$ 1,025,177	\$ -	\$ 1,025,177

See Independent Accountant's Review Report and
Accompanying Notes to Financial Statements

SPIRITUALITY FOR KIDS INTERNATIONAL, INC.
(A California Nonprofit Public Benefit Corporation)
Statement of Functional Expenses
For the Year Ended December 31, 2025

	Program Expenses	General and Administrative	Fundraising	Total
PERSONNEL EXPENSES				
Salaries	\$ 193,411	\$ 24,177	\$ 24,177	\$ 241,765
Employee benefits	34,213	4,277	4,277	42,767
<i>Total Personnel Expenses</i>	<u>227,624</u>	<u>28,454</u>	<u>28,454</u>	<u>284,532</u>
OTHER FUNCTIONAL EXPENSES				
Amortization	11,697	-	-	11,697
Bank fees	-	875	2,222	3,097
Cost and selling expenses	1,281	-	-	1,281
Computer	6,101	2,619	655	9,375
Insurance	-	7,164	-	7,164
Marketing	13,670	-	4,930	18,600
Miscellaneous	338	1,682	-	2,020
Office and curriculum expenses	-	3,109	-	3,109
Outreach	15,808	-	3,952	19,760
Outside services	289	-	-	289
Permits	-	-	986	986
Professional fees	-	12,477	-	12,477
Rent	854	107	107	1,068
Travel	-	-	520	520
<i>Total Other Functional Expenses</i>	<u>50,038</u>	<u>28,033</u>	<u>13,372</u>	<u>91,443</u>
TOTAL FUNCTIONAL EXPENSES	<u><u>\$ 277,662</u></u>	<u><u>\$ 56,487</u></u>	<u><u>\$ 41,826</u></u>	<u><u>\$ 375,975</u></u>

See Independent Accountant's Review Report and
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SPIRITUALITY FOR KIDS INTERNATIONAL, INC.
(A California Nonprofit Public Benefit Corporation)
Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Expenses	General and Administrative	Fundraising	Total
PERSONNEL EXPENSES				
Salaries	\$ 198,165	\$ 24,771	\$ 24,771	\$ 247,707
Employee benefits	37,372	4,672	4,671	46,715
<i>Total Personnel Expenses</i>	<u>235,537</u>	<u>29,443</u>	<u>29,442</u>	<u>294,422</u>
OTHER FUNCTIONAL EXPENSES				
Amortization	45,830	-	-	45,830
Bank fees	-	856	2,011	2,867
Computer	5,355	1,256	314	6,925
Insurance	-	7,754	-	7,754
Marketing	12,000	-	1,310	13,310
Miscellaneous	718	853	-	1,571
Office and curriculum expenses	-	1,707	-	1,707
Outreach	11,364	-	2,841	14,205
Outside services	4,800	-	-	4,800
Permits	-	-	857	857
Professional fees	3,236	14,926	3,237	21,399
Rent	912	114	114	1,140
<i>Total Other Functional Expenses</i>	<u>84,215</u>	<u>27,466</u>	<u>10,684</u>	<u>122,365</u>
TOTAL FUNCTIONAL EXPENSES	<u><u>\$ 319,752</u></u>	<u><u>\$ 56,909</u></u>	<u><u>\$ 40,126</u></u>	<u><u>\$ 416,787</u></u>

See Independent Accountant's Review Report and
Accompanying Notes to Financial Statements

SPIRITUALITY FOR KIDS INTERNATIONAL, INC.
(A California Nonprofit Public Benefit Corporation)
Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (194,713)	\$ (253,732)
Adjustments to reconcile changes in net assets to net cash (used in) operating activities		
Amortization of intangible assets	11,697	45,830
Realized and unrealized (gains) on investments	(90,324)	(79,734)
Decrease (increase) in operating assets:		
Prepaid expenses and other assets	(6,430)	(1,699)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(3,120)	3,282
	<u>(282,890)</u>	<u>(286,053)</u>
NET CASH (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from the sale of investments	695,411	1,008,341
Cash used for the purchase of investments	(399,311)	(812,676)
Purchases of intangible assets	(8,420)	(12,075)
	<u>287,680</u>	<u>183,590</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,790	(102,463)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>28,312</u>	<u>130,775</u>
END OF YEAR	<u>\$ 33,102</u>	<u>\$ 28,312</u>

See Independent Accountant's Review Report and
Accompanying Notes to Financial Statements

SPIRITUALITY FOR KIDS INTERNATIONAL, INC.
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2025 and 2024

NOTE 1 - ORGANIZATION

Spirituality for Kids International, Inc. (“SFK” or “the Organization”) is a 501(c)(3) educational non-profit organization founded in 2001, that provides parents and children, teachers, counselors and caregivers, a comprehensive stepped program to teach children how to recognize their potential and deepen their sense of purpose in life.

The mission of SFK is to encourage children to:

- Develop self-awareness;
- Reflect on their purpose in life;
- Make wise decisions and understand the impact of their choices;
- Build resilience and treat challenges as opportunities;
- Learn behavioral tools to bring more fulfillment into their lives;
- Tap into their inner strengths and develop self-esteem; and
- Awaken their desire to have influence in the world around them.

The SFK program is taught in schools and community-based organizations in major cities in the US. In 2007, after an outcome study by RAND Corporation confirmed that SFK programs were having a positive impact on children’s behavior, the program expanded to seven countries in eight different languages.

Since 2012, SFK has been expanding into a multimedia model, offering online programs for home use and classroom settings.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

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

Net Asset Accounting — To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of SFK are maintained in accordance with the principles of net assets accounting. Net assets, revenues, and releases from restriction are classified based on the existence or absence of donor-imposed or board-imposed restrictions. Accordingly, the net assets of SFK and the changes therein are classified and reported in two categories of net assets.

- **Without Donor Restrictions** — Net assets that are not subject to donor-imposed restrictions, including the net investment in fixed assets, gifts with no donor restriction and current funds without donor restriction.

SPIRITUALITY FOR KIDS INTERNATIONAL, INC.
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

- **With Donor Restrictions** — Net assets that are subject to donor-imposed restrictions that limit the use of their contributions. Donor restrictions may result in temporarily restricted net assets, where the use of contributions is limited by donor-imposed stipulations that either expire by the passage of time or when used for specified purposes. Donor restrictions may also result in permanently restricted net assets, where the donor stipulations neither expire by the passage of time nor can be fulfilled or otherwise removed by SFK's actions. SFK had no donor-restricted net assets on December 31, 2025, and 2024.

Cash and Cash Equivalents - The Organization considers highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Investments - Investments are stated at fair value with unrealized gains and losses on investments resulting from fair value fluctuations recorded in the statements of activities in the period that such fluctuations occur. Purchases and sales of investments are recorded on the trade date. Dividend income is recorded based on the record date. Interest income is recorded as earned on an accrual basis. Realized gains and losses are recorded upon disposition of securities. Investment income and realized and unrealized gains and losses are recognized as unrestricted net assets unless their use is temporarily or permanently restricted by donors to a specified purpose or future period.

Interest and dividend income for the year ended December 31, 2025 and 2024 is presented net of related investment fees of \$6,044 and \$8,455, respectively.

Investment Risks and Uncertainties — Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term. Such changes could materially affect the amounts reported in the statements of financial position and statements of activities and changes in net assets.

Intangible Assets - The Organization's intangible assets include trademarks, its website and internally developed software. The website and software are being amortized using the straight-line method over their estimated useful lives of three (3) years. Trademarks are not amortized but evaluated for impairment annually.

Long-Lived Assets - Long-lived assets, such as property and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require that a long-lived asset be evaluated for possible impairment, the Organization first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment loss is recognized to the extent that the carrying value exceeds its fair value. There were no impairment losses recognized in 2025 and 2024.

Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary.

SPIRITUALITY FOR KIDS INTERNATIONAL, INC.
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Notes to Financial Statements
December 31, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Income Taxes - The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California. In addition, the Organization does not have any revenue which it believes would subject it to unrelated business income taxes.

The Organization recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. To date, the Organization has not recorded any uncertain tax positions. The Organization recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense. During the years ended December 31, 2025 and 2024, the Organization did not recognize any amount in potential interest and penalties associated with uncertain tax positions. At December 31, 2025, the open tax years for the Organization were 2021 to 2025

Contributions and Revenue - Contributions are recognized when cash, securities, or other assets, or an unconditional promise to give, is received. Contributions are recorded as without or with donor restrictions depending on the existence and/or nature of any donor-imposed restrictions.

Conditional contributions are not recognized until the conditions on which they depend have been substantially met. For the years ended December 31, 2025, and 2024, the Organization did not have any conditional contributions.

Licensing Revenues - Exchange Revenue (ASC 606) - Licensing and other revenue is accounted for as exchange transactions under ASC 606. The Organization enters into licensing agreements that provide customers with access to its educational content and curriculum. These agreements represent a single performance obligation: granting access to intellectual property. The transaction price is typically fixed based on contractual terms and does not include variable consideration. Revenue is recognized over time as the customer simultaneously receives and consumes the benefits of access to the Organization's intellectual property over the term of the agreement. For certain arrangements involving one-time delivery of materials or content, revenue is recognized at a point in time when control of the promised goods is transferred to the customer.

Contributions Receivable - The Organization records contributions receivable, net of allowances for uncollectible amounts, whenever there is sufficient evidence in the form of verifiable documentation that an unconditional promise was made and received. At December 31, 2025 and 2024, there was no allowance for doubtful accounts.

For the years ended December 31, 2025 and 2024, two donors comprised 51% and three donors comprised 47% of total contributions, respectively.

Contract Balances - The Organization records receivables when the right to consideration is unconditional. The Organization did not have any material contract assets or contract liabilities as of December 31, 2025, and 2024.

SPIRITUALITY FOR KIDS INTERNATIONAL, INC.
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Donated Goods and Services - Donated services are recognized if the services received create or enhance long-lived assets, require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Organization did not receive any donated services during the years ended December 31, 2025 and 2024.

Functional Allocation of Expenses - Expenses that can be identified with a specific program or supporting service are charged directly to that related program or supporting service. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The Organization generally uses salary dollars allocated based on employee time in order to allocate indirect costs.

Fair Value of Financial Instruments - The Organization has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic No. 820, "Fair Value Measurements and Disclosures" ("ASC 820"), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. ASC 820 does not require any new fair value measurements but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information.

ASC 820 establishes a three-level valuation hierarchy of valuation techniques that is based on observable and unobservable inputs. Classification within the hierarchy is determined based on the lowest level of input that is significant to the fair value measurement. The first two inputs that may be used to measure fair value are considered observable and the last unobservable; they include the following:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In accordance with ASC 820, the Organization has classified all of its cash and cash equivalents and investments in the Level 1 fair value hierarchy measured at fair value on a recurring basis at December 31, 2025 and 2024. The carrying value of accounts receivable, accounts payable, and accrued expenses represent a reasonable estimate of fair values due to their short-term maturity.

Subsequent Events - Subsequent events have been evaluated through April 5, 2026, the date the financial statements were available to be issued.

SPIRITUALITY FOR KIDS INTERNATIONAL, INC.
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2025 and 2024

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of the statement of financial position date consist of the following:

	2025	2024
Cash and cash equivalents	\$ 33,102	\$ 28,312
Investments, at fair value	767,361	973,137
	\$ 800,463	\$ 1,001,449

The Organization’s primary sources of liquidity are cash on hand, investments, and contributions received. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of this policy, the Organization maintains a portion of its assets in cash and cash equivalents to meet short-term operating needs, while the remainder is invested in marketable securities that can be readily liquidated.

Substantially all investments are held in liquid, publicly traded securities and can be converted to cash within a short period of time to meet operating requirements. In addition, the Organization manages its cash flows by aligning disbursements with expected inflows, including contributions and investment income, and by adjusting discretionary spending as needed.

NOTE 4 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially expose the Organization to a concentration of credit risk consist primarily of cash and cash equivalents, and investments.

The Organization maintains its cash accounts at high-credit, quality financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times, cash in these accounts may exceed the insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Investments are subject to certain risks such as market fluctuation and changes in interest rates, which could result in losses in the event of adverse economic circumstances. The Organization attempts to limit its credit risks associated with its investments through diversification and by utilizing the expertise and processes of an outside investment manager.

SPIRITUALITY FOR KIDS INTERNATIONAL, INC.
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Notes to Financial Statements
December 31, 2025 and 2024

NOTE 5 - INVESTMENTS

Investments consist of the following on December 31:

	2025	2024
Equity securities and exchange-traded funds	\$ 767,361	\$ 973,137

The following table represents the levels of the fair value hierarchy for the Organization's investments:

	December 31, 2025			Total
	Level 1	Level 2	Level 3	
Equity securities and exchange-traded funds	\$ 767,361	\$ -	\$ -	\$ 767,361
	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Equity securities and exchange-traded funds	\$ 973,137	\$ -	\$ -	\$ 973,137

The following is a summary of net investment income for the years ended December 31, 2025 and 2024:

	2025	2024
Interest and dividends	\$ 29,888	\$ 41,274
Realized gains, net	61,225	78,472
Unrealized gains, net	29,099	1,262
	120,212	121,008
Investment management fees	(6,044)	(8,455)
Investment income, net	\$ 114,168	\$ 112,553

SPIRITUALITY FOR KIDS INTERNATIONAL, INC.
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Notes to Financial Statements
December 31, 2025 and 2024

NOTE 6 - INTANGIBLE ASSETS

Intangible assets consist of the following on December 31:

	2025	2024
Trademarks, indefinite lives	\$ 26,505	\$ 26,505
Website and program content	703,983	695,563
	730,488	722,068
Less: Accumulated amortization	(684,875)	(673,178)
	\$ 45,613	\$ 48,890

Amortization expense for the years ended December 31, 2025 and 2024 amounted to \$11,697 and \$45,830, respectively, and is included in the accompanying statements of functional expenses.

The estimated amortization expense for the Organization's website for the next three years is expected to be as follows:

Years Ending December 31,	
2026	\$ 5,856
2027	6,419
2028	6,833
	\$ 19,108