EXTREME RESPONSE INTERNATIONAL, INC.

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2025

Contents

Independent Auditor's Report

To the Board of Directors of
Extreme Response International, Inc.
Snellville, Georgia

Opinion

We have audited the accompanying consolidated financial statements of Extreme Response International, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Extreme Response International, Inc. as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Extreme Response International, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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, but not for the purpose of expressing an opinion on the effectiveness of Extreme Response International, Inc.'s internal control. Accordingly, no such opinion is expressed.

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Extreme Response International, Inc.'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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 14, 2026

Extreme Response International, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 658,707	$ 643,370
Investments	474,312	549,028
Contribution receivable, current portion	16,667	-
Other receivables	-	17,085
Prepaid expenses	3,354	9,335
Current portion of prepaid rent	4,852	4,852
Total current assets	1,157,892	1,223,670
Property and equipment, net		
Land and land improvements	207,125	62,584
Buildings	791,078	607,115
Vehicles	57,147	57,147
Software	33,428	25,727
	1,088,778	752,573
Less accumulated depreciation	(311,638)	(279,574)
Total property and equipment, net	777,140	472,999
Other noncurrent assets		
Prepaid rent	44,481	49,932
Right-of-use assets, net - operating	44,738	59,850
Contribution receivable, net of current portion and discount	29,188	-
Total other noncurrent assets	118,407	109,782
Total assets	$ 2,053,439	$ 1,806,451
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 39,307	$ 34,977
Current portion of operating lease liabilities	27,607	35,754
Total current liabilities	66,914	70,731
Noncurrent liabilities		
Operating lease liabilities, less current portion	17,131	24,096
Total liabilities	84,045	94,827
Net assets		
Without donor restrictions	1,013,226	638,038
With donor restrictions	956,168	1,073,586
Total net assets	1,969,394	1,711,624
Total liabilities and net assets	$ 2,053,439	$ 1,806,451

See Notes to Financial Statements.

Extreme Response International, Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions and grants	$ 1,093,221	$ 3,303,360	$ 4,396,581
In-kind contributions	66,209	-	66,209
Interest income	3,755	21,532	25,287
Rental income	2,715	-	2,715
Loss on foreign currency exchange	(3,638)	-	(3,638)
Total revenues	1,162,262	3,324,892	4,487,154
Net assets released from restrictions:			
Satisfaction of program restrictions	3,442,310	(3,442,310)	-
Total revenues and other support	4,604,572	(117,418)	4,487,154
EXPENSES			
Program services			
USA	547,847	-	547,847
Americas	729,924	-	729,924
Asia	563,735	-	563,735
Africa	1,377,586	-	1,377,586
Total program services	3,219,092	-	3,219,092
Supporting services			
Administration and general	700,246	-	700,246
Fundraising	310,046	-	310,046
Total supporting services	1,010,292	-	1,010,292
Total expenses	4,229,384	-	4,229,384
CHANGE IN NET ASSETS	375,188	(117,418)	257,770
NET ASSETS, BEGINNING OF YEAR	638,038	1,073,586	1,711,624
NET ASSETS, ENDING OF YEAR	$ 1,013,226	$ 956,168	$ 1,969,394

See Notes to Financial Statements.

Extreme Response International, Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions and grants	$ 929,480	$ 3,125,363	$ 4,054,843
In-kind contributions	45,664	-	45,664
Interest income	806	26,919	27,725
Rental income	2,400	-	2,400
Loss on foreign currency exchange	(4,587)	-	(4,587)
Total revenues	973,763	3,152,282	4,126,045
Net assets released from restrictions:			
Satisfaction of program restrictions	3,541,719	(3,541,719)	-
Total revenues and other support	4,515,482	(389,437)	4,126,045
EXPENSES			
Program services			
USA	915,509	-	915,509
Americas	840,247	-	840,247
Asia	735,709	-	735,709
Africa	1,255,161	-	1,255,161
Total program services	3,746,626	-	3,746,626
Supporting services			
Administration and general	715,142	-	715,142
Fundraising	187,075	-	187,075
Total supporting services	902,217	-	902,217
Total expenses	4,648,843	-	4,648,843
CHANGE IN NET ASSETS	(133,361)	(389,437)	(522,798)
NET ASSETS, BEGINNING OF YEAR	771,399	1,463,023	2,234,422
NET ASSETS, ENDING OF YEAR	$ 638,038	$ 1,073,586	$ 1,711,624

See Notes to Financial Statements.

Extreme Response International, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2025

	Program Services					Supporting Services		
	USA	Americas	Asia	Africa	Total	Administration and General	Fundraising	Total
Compensation and related expenses								
Management compensation	$ 169,272	$ -	$ -	$ -	$ 169,272	$ 290,396	$ 60,017	$ 519,685
Staff compensation	294,553	203,795	184,618	495,539	1,178,505	139,782	102,937	1,421,224
Total compensation and related expenses	463,825	203,795	184,618	495,539	1,347,777	430,178	162,954	1,940,909
Nonpersonnel expenses								
Program	25,271	112,947	78,721	268,554	485,493	5,965	-	491,458
Partner	58,058	277,635	218,390	575,260	1,129,343	72	-	1,129,415
Total nonpersonnel expenses	83,329	390,582	297,111	843,814	1,614,836	6,037	-	1,620,873
Indirect costs								
Automotive	-	1,958	3,514	99	5,571	-	-	5,571
Bank charges	10	1,956	454	2,133	4,553	20,877	-	25,430
Depreciation	-	15,214	5,523	1,932	22,669	9,395	-	32,064
Dues and fees	-	1,054	243	88	1,385	18,510	360	20,255
Insurance	-	3,377	-	74	3,451	31,432	-	34,883
Postage and shipping	5	-	-	17	22	766	2,360	3,148
Professional fees	-	22,071	646	1,448	24,165	102,066	125,959	252,190
Rent	-	6,900	33,530	13,686	54,116	24,000	-	78,116
Repairs and maintenance	-	48,528	3,918	2,886	55,332	6,552	-	61,884
Supplies	-	1,326	1,978	1,327	4,631	5,645	-	10,276
Taxes	-	548	14,279	-	14,827	-	-	14,827
Travel	-	19,355	3	6,916	26,274	25,840	18,167	70,281
Utilities	520	11,918	14,036	7,627	34,101	10,791	-	44,892
Miscellaneous	158	1,342	3,882	-	5,382	8,157	246	13,785
Total indirect costs	693	135,547	82,006	38,233	256,479	264,031	147,092	667,602
Total expenses	$ 547,847	$ 729,924	$ 563,735	$ 1,377,586	$ 3,219,092	$ 700,246	$ 310,046	$ 4,229,384

See Notes to Financial Statements.

Extreme Response International, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services					Supporting Services		
	USA	Americas	Asia	Africa	Total	Administration and General	Fundraising	Total
Compensation and related expenses								
Management compensation	$ 191,658	$ -	$ -	$ -	$ 191,658	$ 306,083	$ 60,606	$ 558,347
Staff compensation	380,810	239,437	202,615	370,255	1,193,117	119,371	96,886	1,409,374
Total compensation and related expenses	572,468	239,437	202,615	370,255	1,384,775	425,454	157,492	1,967,721
Nonpersonnel expenses								
Program	151,966	182,072	121,545	196,180	651,763	536	-	652,299
Partner	173,085	309,189	313,328	636,301	1,431,903	1,186	-	1,433,089
Total nonpersonnel expenses	325,051	491,261	434,873	832,481	2,083,666	1,722	-	2,085,388
Indirect costs								
Automotive	-	2,362	6,931	24	9,317	-	-	9,317
Bank charges	10	1,468	506	1,943	3,927	20,670	-	24,597
Depreciation	-	15,214	1,784	1,932	18,930	9,395	-	28,325
Dues and fees	120	1,272	303	244	1,939	15,017	-	16,956
Insurance	-	3,250	54	92	3,396	29,139	-	32,535
Postage and shipping	1,122	91	-	59	1,272	3,752	8,769	13,793
Professional fees	359	24,553	3,496	5,970	34,378	71,554	20,814	126,746
Rent	-	6,900	36,729	12,976	56,605	24,000	-	80,605
Repairs and maintenance	-	27,169	3,131	13,133	43,433	7,342	-	50,775
Supplies	-	1,227	2,176	1,542	4,945	4,058	-	9,003
Taxes	-	4,135	11,325	-	15,460	-	-	15,460
Travel	11,142	10,190	11,799	6,987	40,118	86,822	-	126,940
Utilities	4,463	10,397	14,341	3,418	32,619	9,187	-	41,806
Miscellaneous	774	1,321	5,646	4,105	11,846	7,030	-	18,876
Total indirect costs	17,990	109,549	98,221	52,425	278,185	287,966	29,583	595,734
Total expenses	$ 915,509	$ 840,247	$ 735,709	$ 1,255,161	$ 3,746,626	$ 715,142	$ 187,075	$ 4,648,843

See Notes to Financial Statements.

Extreme Response International, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
OPERATING ACTIVITIES		
Change in net assets	$ 257,770	$ (522,798)
Adjustments to reconcile change in net assets to		
net cash provided by (used in) operating activities:		
Depreciation	32,064	28,325
Discount on contribution receivable	4,145	-
(Increase) in contribution receivable	(50,000)	-
Decrease (increase) in other receivables	17,085	(17,085)
Decrease (increase) in other current assets	5,981	(213)
Decrease in prepaid rent	5,451	4,254
Decrease (increase) in right-of-use assets, net	15,112	(17,909)
Increase (decrease) in accounts payable and accrued expenses	4,330	(438)
(Decrease) increase in operating lease liabilities	(15,112)	17,909
Net cash provided by (used in) by operating activities	276,826	(507,955)
INVESTING ACTIVITIES		
Acquisition of property and equipment	(336,205)	(24,927)
Sale of investments	74,716	247,279
Net cash (used in) provided by investing activities	(261,489)	222,352
Net increase (decrease) in cash	15,337	(285,603)
Cash, beginning of year	643,370	928,973
Cash, end of year	$ 658,707	$ 643,370

See Notes to Financial Statements.

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Extreme Response International, Inc. (the "Organization") was organized on February 22, 2001 as a Georgia nonprofit corporation. Extreme Response International, Inc. was organized primarily to assist with certain humanitarian needs throughout the world. The express purpose is to introduce and promote to underdeveloped countries and communities appropriate educational and literacy programs, to respond to the immediate needs of disadvantaged children and families throughout the world, to provide love and compassion and understanding the needs of disadvantaged children and families throughout the world, and to sponsor general charitable work for educational purposes. The Organization is supported primarily from individual contributions. Exemption from corporate federal income taxes has been granted pursuant to filing and being approved as a 501(c)(3) organization with the Internal Revenue Service (IRS).

Principles of Consolidation

Extreme Response ZA NPC is a South African non-profit company organized to facilitate the Organization's humanitarian activities within that jurisdiction. The Organization consolidates Extreme Response ZA NPC because it maintains both a controlling financial interest and a significant economic interest in the entity. All material inter-entity transactions and balances have been eliminated in consolidation.

Basis of Presentation

The Organization's policy is to prepare its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment with a purchase price above $5,000 and a useful life of more than one year are capitalized at cost and are depreciated over estimated useful lives from 3 to 39 years using the straight-line depreciation method. Donated assets are capitalized at fair market value or estimated fair market value if a determinable value is not available.

The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings and improvements	39 years
Vehicles	5-10 years
Software	3 years

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets

The Organization presents its consolidated financial statements in accordance with the Financial Accounting Standards Board (FASB)'s *Not-For-Profit* presentation and disclosure guidance. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two categories of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions which are used to account for resources available to carry out the purposes of the Organization in accordance with the limitations of its bylaws. Board-designated net assets are without donor restrictions but are designated by the Board to be spent for specific purposes. At December 31, 2025 and 2024, the Organization had no board-designated net assets.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. At December 31, 2025 and 2024, the Organization had no donor-imposed restrictions that were perpetual in nature. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Contributions are considered net assets without donor restriction and available for general operations unless specifically restricted by the donor. The Organization reports gifts and grants of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets as to a particular purpose or to future periods. When a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

In addition to support for its programs, the Organization partners with various organizations throughout the world whereby donations are made to the Organization for the benefit of the partners. The Organization records revenue with donor restrictions and holds the donated funds until requests are made by the partners and can, at its discretion, determine the timing of distributions to the partners. The Organization also has the ability to place additional limitations on the distributions to the partners if those limitations are consistent with the donor's restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less when purchased.

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments consist primarily of money market accounts, certificates of deposits, and U.S. Treasury obligations and are carried at fair value.

Donated investments are recorded at fair value on the date received. Realized and unrealized gains and losses are recognized as income or loss on the statements of activities.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents - The carrying amount approximates fair value because of the short-term maturity of these instruments.

Investments - Investments are carried at fair value based on quoted market prices for those or similar investments. Certificates of deposit are carried at estimated fair value.

The Organization follows FASB's fair value measurements and disclosure guidance, which provides a framework for measuring fair value under generally accepted accounting principles. This guidance applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in the FASB-issued guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income, and cost approaches.

Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models, and similar techniques, and not based on market exchange, dealer, or broker-traded transactions.

Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of these instruments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

For the years ended December 31, 2025 and 2024, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.

If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of these instruments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In-Kind Contributions

For the years ended December 31, 2025 and 2024, donated rent of $24,000 is reflected in the accompanying statements of activities at its estimated value at the date of receipt. Donated rent consists of office space at the address 2336 Wisteria Drive, Suite 350, Snellville, GA 30078.

For the years ended December 31, 2025 and 2024, donated software and staff training of software of $42,209 and $21,664, respectively, is reflected in the accompanying statements of activities at its estimated value at the date of receipt.

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization has been recognized by the Internal Revenue Service as tax-exempt under Internal Revenue Code Section 501(c)(3). Therefore, no provision for income taxes has been made in the consolidated financial statements.

The Organization recognizes the consolidated financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The assessment of the technical merits of a tax position is a matter of judgment. The Organization believes that all its tax positions are more likely than not to be sustained upon examination.

The Organization files Form 990 in the U.S. federal jurisdiction and the state of Georgia.

Allocation of Functional Expenses

The Organization reports certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Compensation and related expenses, automotive, bank charges, dues and fees, postage and shipping, supplies, taxes, travel, insurance, and professional fees include certain expenses that are allocated on the basis of estimates of time and effort. Repairs and maintenance, rent, utilities, insurance, interest, and depreciation include certain expenses that are allocated on a square footage basis.

Accounts Receivable

The Organization's accounts receivable are recorded at estimated net realizable value. Accounts are due at the time the goods or services are provided. The Organization's policy for determining when an account is past due or delinquent is when the account is over 90 days or more past due. The Organization accounts for credit losses on these financial assets in accordance with ASC Topic 326, *Financial Instruments—Credit Losses*. The CECL model requires the Organization to estimate lifetime expected credit losses based on historical experience, current conditions, and reasonable and supportable forecasts, as well as current and future economic factors that, in management's judgement, could influence the ability of accounts receivable debtor to repay the amounts per the credit terms. At both December 31, 2025 and 2024, management determined that no allowance for credit losses was necessary.

Contribution Receivables

Contribution receivables that are expected to be collected within one year are recorded at net realizable value. Contribution receivables that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization leases a office space from third parties. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use ("ROU") assets and current and noncurrent portions of operating lease liabilities in the consolidated balance sheet. The Organization does not hold any finance leases.

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Management has used the Organization's incremental borrowing rate when determining the present value of lease payments over the lease terms. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option.

NOTE 2. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposits that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 3. LIQUIDITY AND AVAILABILITY

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures and meeting its liabilities and other obligations as they become due. Cash needs of the organization are expected to be met on a monthly basis from the contributions of donors. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position as of December 31, 2025, and 2024, comprise the following:

	2025	2024
Cash	$ 176,850	$ 135,897

NOTE 4. INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2025:

	Level 1	Level 2	Level 3	NAV Practical Expedient	Total
Money market funds	$ 42	$ -	$ -	$ -	$ 42
Certificates of deposit	474,270	-	-	-	474,270
Total investments at fair value	$ 474,312	$ -	$ -	$ -	$ 474,312

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2024:

	Level 1	Level 2	Level 3	NAV Practical Expedient	Total
Money market funds	$ 49,028	$ -	$ -	$ -	$ 49,028
Certificates of deposit	500,000	-	-	-	500,000
Total investments at fair value	$ 549,028	$ -	$ -	$ -	$ 549,028

NOTE 5. CONTRIBUTION RECEIVABLE

Contribution receivable consist of the following as of December 31, 2025 and 2024:

	2025	2024
Contribution receivable without donor restrictions	$ 50,000	$ -
Less unamortized discount	4,145	-
Total contribution receivable, net	$ 45,855	$ -

	2025	2024
Amount due in:		
Less than one year	$ 16,667	$ -
One to five years	33,333	-
Total	$ 50,000	$ -

Contribution receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 5.00% at December 31, 2025. As of December 31, 2025, the contribution receivable was considered fully collectible.

NOTE 6. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are available for the following purposes at December 31:

	2025	2024
Net assets subject to expenditure for specified purpose:		
Education	$ 59,274	$ 192,204
Life skills	50,822	33,851
Leadership development	-	42,755
Mobilization	52,605	11,373
Operations	221,930	200,340
Personnel	388,219	377,556
Partners	183,318	215,507
Total net assets with donor restrictions	$ 956,168	$ 1,073,586

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

	2025	2024
Net assets subject to expenditure for specified purpose:		
Cash	$ 481,856	$ 507,473
Investments	474,312	549,028
Other receivables	-	17,085
Total net assets with donor restrictions	$ 956,168	$ 1,073,586

NOTE 7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors as follows at December 31:

	2025	2024
Education	$ 279,719	$ 321,852
Life skills	148,453	153,793
Leadership development	-	384,019
Mobilization	206,615	241,931
Operations	581,711	260,012
Personnel	1,146,654	1,049,759
Partners	1,079,158	1,130,353
Total net assets released from restriction	$ 3,442,310	$ 3,541,719

NOTE 8. PREPAID RENT

In October 2015, the Organization entered into an office usage agreement with Living Hope, another not-for-profit organization that also serves in Capri, South Africa, to allow the Organization to construct and occupy the office space on Living Hope's property. Under the agreement, the Organization will pay for the construction of the office space on Living Hope's office campus. In return, Living Hope has agreed to offer free rent for two consecutive ten year periods. At the end of the free rent period, the constructed office space will revert back to Living Hope. Therefore, the Organization is capitalizing construction costs as prepaid rent, and is amortizing the prepaid rent using the straight-line method over the two consecutive ten year periods. The construction project was completed on March 1, 2016. The total construction cost of the project was $97,048. As of December 31, 2025 and 2024, the remaining prepaid rent was $49,333 and $54,784, respectively, and is classified as current and noncurrent prepaid rent in the accompanying consolidated statements of financial position.

NOTE 9. IN-KIND CONTRIBUTIONS

For the years ended December 31, 2025 and 2024, contributed nonfinancial assets recognized within the statement of activities included:

Type	2025	2024	Usage
Software	$ 42,209	$ 21,664	Administration and general
Rent	24,000	24,000	Administration and general
	$ 66,209	$ 45,664	

The Organization recognized contributed nonfinancial assets within revenue, including software and rent.

Contributed software and rent were valued using estimated average prices of identical or similar products or services using pricing data of similar products or services under a "like-kind" methodology, considering the utility of the services and goods at the time of the contribution.

NOTE 10. LEASES

The Organization leases office space in Fish Hoek, Manila, and Quito. The leases expire at various times through December 2028.

In 2022, the Organization adopted FASB Accounting Standards Update (ASU) No. 2016-02, ASC 842, *Leases,* which requires the recognition of a right-of-use asset and a lease liability based on the present value of the remaining lease payments.

NOTE 10. LEASES (CONTINUED)

The following summarizes the weighted-average remaining lease term and discount rate as of December 31:

	2025	2024
Weighted-average remaining lease term	1.02 years	1.91 years
Weighted-average discount rate	7.32%	7.78%

The following is a schedule by years of minimum future rentals on noncancelable operating leases and the amortization of the net present value (NPV) of the lease liability as of December 31, 2025:

For the Year Ending December 31:	Minimum Annual Lease Payments	Amortization of Right-to-Use Asset	Amortization of Operating Lease Liability
2026	$ 29,606	$ 27,607	$ 27,607
2027	8,484	7,506	7,506
2028	8,484	8,090	8,090
2029	1,545	1,535	1,535
	$ 48,119	$ 44,738	$ 44,738

The carrying value of the operating right-of-use asset as of December 31:

	2025	2024
Accumulated basis	$ 83,822	$ 104,954
Less – accumulated amortization	(39,084)	(45,104)
	$ 44,738	$ 59,850

Total rent expense (excluding in-kind) for the years ended December 31, 2025 and 2024 was $54,116 and $56,605, respectively.

NOTE 11. RELATED PARTIES

Extreme Response International, Inc. Canada is an affiliated organization which has filed and received recognition from Revenue Canada as a nonprofit organization. There were no significant direct related-party transactions between the organizations.

NOTE 12. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring through May 14, 2026, the date on which the consolidated financial statements were available to be issued.