Audited Consolidated Financial Statements

The Miracle Foundation, Inc.

For the Fiscal Years Ended March 31, 2025 and 2024
With Independent Auditor's Report

The Miracle Foundation, Inc.

Audited Consolidated Financial Statements

For the Fiscal Years Ended March 31, 2025 and 2024

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Independent Auditor's Report

To the Board of Directors of
The Miracle Foundation, Inc.
Austin, Texas

Opinion

We have audited the accompanying consolidated financial statements of The Miracle Foundation, Inc. and its subsidiaries (collectively, the "Organization") (a nonprofit organization), which comprise the consolidated statements of financial position as of March 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the fiscal years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Miracle Foundation, Inc. and its subsidiaries as of March 31, 2025 and 2024, and the changes in their net assets and their cash flows for the fiscal 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 the Organization 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 the Organization'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, including omissions, 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 the Organization'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 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.

Reynolds & Franke, PC

Austin, Texas
June 18, 2025

Audited Consolidated Financial Statements

The Miracle Foundation, Inc.

Consolidated Statements of Financial Position

March 31, 2025 and 2024

	2025	2024
Assets		
Current Assets:		
Cash and cash equivalents	**$ 522,288**	$ 1,859,022
Accounts receivable	**-**	1,200
Investments	**1,837,276**	804,372
Other current assets	**77,995**	76,391
Total current assets	**2,437,559**	2,740,985
Cash and cash equivalents with donor restrictions	**88,979**	69,599
Investments with donor restrictions	**798,763**	923,845
Long-term deposits	**10,228**	10,542
Property and equipment, net	**462,771**	477,461
Operating right-of-use assets	**85,203**	116,863
Total assets	**$ 3,883,503**	$ 4,339,295
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	**$ 40,185**	$ 36,853
Accrued payroll expenses	**105,099**	79,089
Other accrued liabilities	**112,337**	95,659
Other current liabilities	**7,221**	6,592
Refundable advance	**-**	57,373
Operating lease liability - current	**30,447**	28,832
Total current liabilities	**295,289**	304,398
Operating lease liability - noncurrent	**45,230**	77,591
Total liabilities	**340,519**	381,989
Net Assets:		
Without donor restrictions	**2,655,242**	2,963,862
With donor restrictions	**887,742**	993,444
Total net assets	**3,542,984**	3,957,306
Total liabilities and net assets	**$ 3,883,503**	$ 4,339,295

The accompanying notes are an integral part of these consolidated financial statements.

The Miracle Foundation, Inc.

Consolidated Statement of Activities

For the Fiscal Year Ended March 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenues, and Reclassifications:			
Contributions and support	$ 2,967,551	$ 2,160,181	$ 5,127,732
Investment earnings	145,488	-	145,488
Contributed goods and services	99,340	-	99,340
Other income	66,664	-	66,664
Total support and revenues	3,279,043	2,160,181	5,439,224
Net assets released from donor restrictions	2,264,165	(2,264,165)	-
Total support, revenues, and reclassifications	5,543,208	(103,984)	5,439,224
Expenses:			
Program services	4,711,627	-	4,711,627
Fundraising	619,970	-	619,970
Management and general	517,174	-	517,174
Total expenses	5,848,771	-	5,848,771
Change in net assets from operations	(305,563)	(103,984)	(409,547)
Foreign currency adjustment	(3,057)	(1,718)	(4,775)
Total change in net assets	(308,620)	(105,702)	(414,322)
Net assets, beginning of the fiscal year	2,963,862	993,444	3,957,306
Net assets, end of the fiscal year	$ 2,655,242	$ 887,742	$ 3,542,984

The accompanying notes are an integral part of these consolidated financial statements.

The Miracle Foundation, Inc.

Consolidated Statement of Activities

For the Fiscal Year Ended March 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenues, and Reclassifications:			
Contributions and support	$ 2,236,563	$ 2,446,462	$ 4,683,025
Investment earnings	180,190	-	180,190
Contributed goods and services	68,544	-	68,544
Other income	557	-	557
Total support and revenues	2,485,854	2,446,462	4,932,316
Net assets released from donor restrictions	2,540,324	(2,540,324)	-
Total support, revenues, and reclassifications	5,026,178	(93,862)	4,932,316
Expenses:			
Program services	4,184,288	-	4,184,288
Fundraising	555,378	-	555,378
Management and general	462,278	-	462,278
Total expenses	5,201,944	-	5,201,944
Change in net assets from operations	(175,766)	(93,862)	(269,628)
Foreign currency adjustment	4,589	(907)	3,682
Total change in net assets	(171,177)	(94,769)	(265,946)
Net assets, beginning of the fiscal year	3,135,039	1,088,213	4,223,252
Net assets, end of the fiscal year	$ 2,963,862	$ 993,444	$ 3,957,306

The accompanying notes are an integral part of these consolidated financial statements.

The Miracle Foundation, Inc.

Consolidated Statement of Functional Expenses

For the Fiscal Year Ended March 31, 2025

	Program Services				Supporting Services		
	Prevent	Unite	Stabilize	Total Programs	Fundraising	Management & General	Total
Salaries, payroll taxes, and benefits	$ 784,320	$ 805,871	$ 741,218	$ 2,331,409	$ 479,170	$ 440,062	$ 3,250,641
Partner program costs	414,278	23,284	421,427	858,989	162	335	859,486
Orphanage support	150,301	372,960	74,265	597,526	-	-	597,526
Miscellaneous expense	58,772	64,832	46,653	170,257	17,876	14,859	202,992
Consulting fees	59,661	59,661	59,661	178,983	6,238	12,923	198,144
Charitable contributions	150,000	-	-	150,000	-	-	150,000
Travel	41,502	50,960	22,588	115,050	9,365	1,027	125,442
Office expense	26,474	27,138	25,146	78,758	17,170	14,912	110,840
Professional fees	17,633	17,633	17,633	52,899	11,875	10,396	75,170
Contract labor	13,424	13,424	13,423	40,271	-	-	40,271
Bank charges	8,666	8,666	8,666	25,998	7,128	5,583	38,709
Advertising expense	-	-	-	-	38,667	-	38,667
Utilities	8,280	8,347	8,146	24,773	2,538	3,720	31,031
Operating lease expense	8,383	9,202	6,745	24,330	1,355	2,809	28,494
Rent expense	5,860	6,617	4,345	16,822	873	1,808	19,503
Public relations	-	-	-	-	17,300	-	17,300
Depreciation expense	3,289	3,289	3,289	9,867	2,705	2,118	14,690
Licenses and fees	3,062	3,062	3,062	9,186	2,519	1,972	13,677
Repairs and maintenance	2,573	2,573	2,573	7,719	2,117	1,659	11,495
Postage and shipping	2,211	2,211	2,211	6,633	579	970	8,182
Insurance expense	1,712	1,712	1,712	5,136	1,408	1,103	7,647
Telephone	1,546	1,848	942	4,336	775	608	5,719
Interest on operating lease liability	925	1,016	744	2,685	150	310	3,145
Total expenses	$ 1,762,872	$ 1,484,306	$ 1,464,449	$ 4,711,627	$ 619,970	$ 517,174	$ 5,848,771
Percentage of total expenses	31%	25%	25%	81%	11%	9%	100%

The accompanying notes are an integral part of these consolidated financial statements.

The Miracle Foundation, Inc.

Consolidated Statement of Functional Expenses

For the Fiscal Year Ended March 31, 2024

	Program Services				Supporting Services		
	Prevent	**Unite**	**Stabilize**	**Total Programs**	**Fundraising**	**Management & General**	**Total**
Salaries, payroll taxes, and benefits	$ 704,701	$ 731,454	$ 651,197	$ 2,087,352	$ 399,620	$ 383,284	$ 2,870,256
Partner program costs	340,036	32,513	338,805	711,354	-	-	711,354
Orphanage support	131,647	377,936	84,305	593,888	-	-	593,888
Miscellaneous expense	60,846	62,607	57,326	180,779	16,726	13,865	211,370
Consulting fees	36,357	36,357	36,358	109,072	16,301	22,617	147,990
Travel	48,655	59,461	27,040	135,156	8,712	863	144,731
Office expense	29,184	30,120	27,313	86,617	15,381	15,579	117,577
Charitable contributions	77,000	-	-	77,000	-	-	77,000
Advertising expense	-	-	-	-	67,807	-	67,807
Professional fees	12,220	12,219	12,219	36,658	7,954	7,356	51,968
Contract labor	15,444	15,443	15,444	46,331	465	372	47,168
Bank charges	6,461	6,461	6,462	19,384	5,423	4,328	29,135
Operating lease expense	8,067	8,367	7,465	23,899	1,059	2,561	27,519
Rent expense	6,499	8,092	3,314	17,905	86	969	18,960
Utilities	4,970	5,058	4,796	14,824	1,499	2,303	18,626
Depreciation expense	3,497	3,496	3,496	10,489	2,934	2,343	15,766
Licenses and fees	2,989	2,988	2,989	8,966	2,508	2,002	13,476
Postage and shipping	2,520	2,520	2,519	7,559	470	1,096	9,125
Public relations	1,250	-	1,250	2,500	5,000	-	7,500
Repairs and maintenance	1,394	1,395	1,395	4,184	1,170	934	6,288
Telephone	1,656	2,102	762	4,520	639	510	5,669
Insurance expense	1,164	1,164	1,164	3,492	977	780	5,249
Interest on operating lease liability	789	799	771	2,359	647	516	3,522
Total expenses	$ 1,497,346	$ 1,400,552	$ 1,286,390	$ 4,184,288	$ 555,378	$ 462,278	$ 5,201,944
Percentage of total expenses	28%	27%	25%	80%	11%	9%	100%

The accompanying notes are an integral part of these consolidated financial statements.

The Miracle Foundation, Inc.

Consolidated Statements of Cash Flows

For the Fiscal Years Ended March 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	**$ (409,547)**	$ (269,628)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	**14,690**	15,766
Unrealized losses	**43,085**	79,648
Amortization of operating right-of-use assets	**31,660**	27,190
(Increase) decrease in operating assets:		
Accounts receivable	**1,200**	288
Other current assets	**(1,604)**	18,314
Long-term deposits	**314**	(1,882)
Increase (decrease) in operating liabilities:		
Accounts payable	**3,332**	1,769
Accrued liabilities	**42,688**	(38,903)
Other current liabilities	**629**	1,112
Refundable advance	**(57,373)**	37,854
Operating lease liability	**(30,746)**	(28,066)
Net cash used in operating activities	**(361,672)**	(156,538)
Cash flows from investing activities		
Purchases of property and equipment	**-**	(7,229)
Purchases of investments	**(2,863,333)**	(1,772,073)
Sales of investments	**1,912,426**	2,397,570
Net cash provided by (used in) investing activities	**(950,907)**	618,268
Net change in cash and cash equivalents	**(1,312,579)**	461,730
Effect of foreign currency exchange rates on cash	**(4,775)**	3,682
Cash and cash equivalents, beginning of the fiscal year	**1,928,621**	1,463,209
Cash and cash equivalents, end of the fiscal year	**$ 611,267**	$ 1,928,621
Cash and cash equivalents consist of the following:		
Cash and cash equivalents	**$ 522,288**	$ 1,859,022
Cash and cash equivalents with donor restrictions	**88,979**	69,599
	$ 611,267	$ 1,928,621
Supplemental disclosure of cash flow information:		
Cash paid for interest	**$ 3,145**	$ 3,522
Non-cash investing activities:		
Early termination of lease with operating lease right-of-use assets and associated operating lease obligations	**$ -**	$ 947
New lease(s) with operating lease right-of-use assets under operating lease obligations	**$ -**	$ 15,794

The accompanying notes are an integral part of these consolidated financial statements.

The Miracle Foundation, Inc.

Notes to Consolidated Financial Statements

For the Fiscal Years Ended March 31, 2025 and 2024

Note 1 – Summary of Significant Accounting Policies

Nature of Activities

The Miracle Foundation, Inc. is a nonprofit organization that brings life-changing care to orphaned and vulnerable children around the world. For the past 24 years, The Miracle Foundation, Inc. has improved the lives of more than 20,000 children and supported 100,000 of their family members. Today, we are an industry leader in the movement away from orphanages, uniting children in institutions with a family, and preventing new children from entering the system. In this work, we utilize the power of data to create real, sustainable change. Our proven Thrive Scale ™ methodology is based on the UN Rights of the Child and allows us to systematically measure and improve all aspects of a child's well-being. In addition, our leading-edge software offers a revolutionary and welcome change to the US foster care system. This phone-based app helps streamline communications, simplifies the reporting process, and ultimately helps children avoid the painful process of being moved from home to home.

In 2011, The Miracle Foundation, Inc. formed its wholly-owned subsidiary, Miracle Foundation India ("Miracle India"), an Indian registered non-governmental organization, located in New Delhi, India dedicated to facilitating The Miracle Foundation, Inc.'s operations in India.

In October 2023, The Miracle Foundation, Inc. formed a wholly-owned subsidiary, Thrive Scale International Private Limited ("Thrive Scale"), an Indian for-profit company in Delhi, India.

Principles of Consolidation

The accompanying consolidated financial statements include the consolidated accounts of The Miracle Foundation, Inc. and its wholly-owned foreign subsidiaries, Miracle India and Thrive Scale (hereinafter collectively referred to as the "Organization"). All material inter-company accounts and transactions have been eliminated in consolidation.

Basis of Accounting

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred.

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of consolidated financial statements 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Financial statements presentation follows the recommendations of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958). Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – These types of net assets are not subject to donor-imposed stipulations. This also includes net assets with Board designations for specific purposes, since these Board designations may be reversed by the Board of Directors at any time in the future.

Net assets with donor restrictions – These types of net assets are subject to donor-imposed stipulations, which limit their use by the Organization, either permanently or temporarily, to a specific purpose and/or the passage of time. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from donor restrictions.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments

Investments are stated at fair value. Realized and unrealized gains and losses are reported in the consolidated statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Note 1 – Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at fiscal year-end. Based on management's assessment of the credit history with clients having outstanding balances and current relationships with them, it has concluded that credit losses on outstanding balances at March 31, 2025 and 2024 will be immaterial.

Property and Equipment

Property and equipment are stated at cost, if purchased, and at fair market value at date of gift, if received by donation. The Organization capitalizes assets with cost/fair value of $2,000 or more and a useful life of more than one year. Depreciation is computed on a straight-line basis using a useful life appropriate for the asset class. Upon the sale or retirement of depreciable assets, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss on the sale or retirement is recognized in current operations.

Federal Income Taxes

The Miracle Foundation, Inc. is exempt from Federal income taxes under 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Miracle India was incorporated as a not-for-profit under Section 25 of the India Companies Act, 1956. Thrive Scale was incorporated as a for-profit under the Companies Act, 2013. Thrive Scale incurred net losses for the fiscal years ended March 31, 2025 and 2024. Therefore, the Organization has made no provision for Federal income taxes in the accompanying consolidated financial statements. The Miracle Foundation, Inc. is a public charity under the Internal Revenue Code.

The Organization evaluates uncertain tax positions, if any exist, under FASB ASC Topic 740, *Income Taxes*. The Organization accounts for uncertainty of income taxes based on a "more-likely-than-not" threshold for the recognition and de-recognition of tax positions, which includes the accounting for interest and penalties relating to tax positions. The Organization does not have any tax positions that it would consider uncertain at March 31, 2025 and 2024.

The Organization accrues interest and penalties related to unrecognized tax positions as a component of income tax expense. As of March 31, 2025 and 2024, there was no accrued interest and penalties.

Note 1 – Summary of Significant Accounting Policies (continued)

Contributions

Contributions, including promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. When donor restrictions expire, that is when a stipulated time restriction ends or donor restricted purpose is accomplished, the related net assets with donor restrictions are reclassified to net assets without donor restrictions. This is reported in the consolidated statements of activities as net assets released from donor restrictions.

Leases

Management reviews contracts to identify leases and properly classify leases as either operating or finance. Operating right-of-use (ROU) liabilities are recognized based on the net present value of lease payments over the lease term at the commencement date of the lease, and are reduced by payments made on each lease on the straight-line basis. Since most of the leases do not provide an implicit rate of return, the Organization uses its incremental borrowing rate based on information available at the commencement date of the lease in determining the present value of lease payments. Therefore, the Organization generally uses its incremental borrowing rate as the discount rate for the lease. The Organization's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments using similar terms.

If a lease contains a renewal option at the commencement date and management considers it reasonably certain that the option will be exercised to renew the lease, the renewal option payments are included in the determination of the ROU assets and lease liabilities. Leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position; rather, rent expense for these short-term leases is recognized on a straight-line basis over the lease term, or when incurred if a month-to-month lease.

All lease agreements generally require the Organization to pay maintenance, repairs, property taxes, and insurance costs, which are variable amounts based on actual costs incurred during each applicable period. Such costs are not included in the determination of the ROU lease liability or ROU lease asset.

Variable lease payments associated with the Organization's leases are recognized when the event, activity, or circumstance in the lease agreement on which those payments are assessed occurs. Variable lease payments are presented in expenses in the consolidated statements of activities.

Note 1 – Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The expense information contained in the consolidated statements of activities is presented on a functional basis. Accordingly, certain expenses are allocated among the programs and supporting services benefited. Expenses which cannot be specifically identified have been allocated based on management's best estimate of usage. Salaries, payroll taxes, and benefits are allocated based on estimated time spent by the employees for each function. Rent and operating lease expense costs are allocated based on the estimated space usage. Depreciation is allocated on estimated usage in each function.

Foreign Currency Translation

The functional currency of the Organization's foreign subsidiaries was determined to be the local currency; and therefore, assets and liabilities are translated at the current exchange rate at the consolidated statements of financial position date and the consolidated statements of activities items are translated at the average exchange rates prevailing during the reporting periods. The foreign currency translation adjustment and gains and losses from non-functional currency denominated transactions are reported in the consolidated statements of activities. The functional currency of the Organization's Indian subsidiaries is the Indian Rupee (INR). As of and for the fiscal years ended March 31, 2025 and 2024, the cumulative translation adjustment, included as a component of net assets in the accompanying consolidated statements of financial position, was as follows:

Balance as of March 31, 2023	$ 58,602
Fiscal year 2024 translation adjustment	(3,682)
Balance as of March 31, 2024	54,920
Fiscal year 2025 translation adjustment	4,775
Balance as of March 31, 2025	$ 59,695

Note 1 – Summary of Significant Accounting Policies (continued)

Contributed Goods and Services

The Organization records various types of contributed goods and services primarily related to their programs. Contributed goods and services are recognized in accordance with the *Contributions Received* Subsection of FASB ASC 958. The amounts reflected in the accompanying consolidated financial statements as contributed goods and services are offset by like amounts included in expenses.

Reclassifications

Certain fiscal year ended March 31, 2024 amounts have been reclassified to conform to the fiscal year ended March 31, 2025 consolidated financial statements presentation. These reclassifications have no effect on the fiscal year ended March 31, 2024 reported change in net assets.

Date of Management's Review

These consolidated financial statements considered subsequent events through June 18, 2025, the date the consolidated financial statements were available to be issued.

Note 2 – Concentration of Risk

Financial instruments which potentially subject the Organization to credit risk principally consist of cash and cash equivalents and investments. To minimize the risk, the Organization places its temporary cash investments with high credit quality financial institutions insured by the Federal Deposit Insurance Corporation (FDIC), the Securities Investment Protection Corporation (SIPC), or the Deposit Insurance and Credit Guarantee Corporation (DICGC). Effective January 1, 2013, deposit insurance coverage by the FDIC changed to $250,000 per bank per entity for all interest bearing and non-interest bearing accounts. Securities are protected by the SIPC which currently protects brokerage accounts up to $500,000 in securities, including up to $250,000 for cash. Additional coverage is frequently offered for brokerage accounts for amounts in excess of the $500,000 SIPC limit. Effective February 4, 2020, deposit insurance coverage by the DICGC changed to INR 500,000 per bank per entity for all interest bearing and non-interest bearing accounts. As of March 31, 2025 and 2024 , the Organization had $210,900 and $486,043, respectively, of uninsured balances. The Organization has not experienced any losses in these accounts in the past.

During the fiscal years ended March 31, 2025 and 2024, the Organization received 28% and 31%, respectively, of total support and revenues from one grantor.

Note 3 – Investments

At March 31, 2025 and 2024, investments (including investments with donor restrictions) consist of the following:

	2025	2024
Mutual funds	**$ 166,313**	$ 418,888
Exchange traded funds	**2,155,653**	1,296,539
Fixed income	**314,073**	12,790
Total investments	**$ 2,636,039**	$ 1,728,217

Note 4 – Fair Value of Financial Instruments

The Organization follows the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures,* whose provisions relate to the Organization's financial assets and liabilities be carried at fair value and the Organization's fair value disclosures related to financial assets and liabilities. FASB ASC 820 defines fair value, expands related disclosure requirements, and specifies a hierarchy of valuation techniques based on the nature of the inputs used to develop the measures of fair value.

Guidance provided by the FASB defines fair value as 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. When measuring fair value, a fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability.

The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access at the measurement date. The type of investments included in Level 1 includes listed equities and listed derivatives.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Note 4 – Fair Value of Financial Instruments (continued)

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation methods used may produce a fair value calculation that may not be indicative of the 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. There have been no changes in the methodologies used at March 31, 2025.

The following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value as of March 31, 2025 and 2024 :

		Fair Value Measurements Using:		
Description	**2025 Fair Value**	**Quoted Prices in Active Markets for Identical (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Mutual funds	**$ 166,313**	**$ 166,313**	**$ -**	**$ -**
Exchange traded funds	**2,155,653**	**2,155,653**	**-**	**-**
Fixed income	**314,073**	**314,073**	**-**	**-**
Total investments	**$ 2,636,039**	**$ 2,636,039**	**$ -**	**$ -**

		Fair Value Measurements Using:		
Description	**2024 Fair Value**	**Quoted Prices in Active Markets for Identical (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Mutual funds	$ 418,888	$ 418,888	$ -	$ -
Exchange traded funds	1,296,539	1,296,539	-	-
Fixed income	12,790	12,790	-	-
Total investments	$ 1,728,217	$ 1,728,217	$ -	$ -

The Organization's other financial instruments consist principally of cash and cash equivalents, cash and cash equivalents with donor restrictions, accounts receivable, other current assets, long-term deposits, accounts payable, other accrued liabilities, accrued payroll expenses, other current liabilities, and operating lease liability. The Organization believes all of the other financial instruments' recorded values approximate current market values, primarily because of the relatively short-term maturity of those instruments. The carrying amount of operating lease liability approximates fair value because the interest rate approximates the current market interest rate.

The Miracle Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

For the Fiscal Years Ended March 31, 2025 and 2024

Note 5 – Property and Equipment

At March 31, 2025 and 2024, property and equipment consists of the following:

		2025		2024
Land	**$**	**316,048**	$	316,048
Building		**79,012**		79,012
Computers		**22,363**		53,568
Website and software development costs		**82,063**		187,980
Furniture and equipment		**178,763**		183,517
Total cost		**678,249**		820,125
Less: accumulated depreciation		**(215,478)**		(342,664)
Property and equipment, net	**$**	**462,771**	$	477,461

Depreciation expense totaled $14,690 and $15,766 for the fiscal years ended March 31, 2025 and 2024, respectively.

Note 6 – Related Party Transactions

During the fiscal years ended March 31, 2025 and 2024, members and officers of the Board of Directors made contributions totaling $55,287 and $157,071, respectively, to the Organization.

Note 7 – Advertising Costs

Advertising costs are expensed as incurred. Advertising costs totaled $38,667 and $67,807, respectively, for the fiscal years ended March 31, 2025 and 2024.

Note 8 – Net Assets With Donor Restrictions

The Organization had the following net assets with donor restrictions activity for the fiscal year ended March 31, 2025:

	Beginning Balance	Additions	Released from Donor Restrictions	Translation Adjustment	Ending Balance
Donor Restricted for a Specified Purpose:					
Thrive Scale app	$ 755,807	$ 1,552,254	$ (1,516,934)	$ -	$ 761,127
Higher education & mental health	1,870	5,838	(6,717)	-	991
FosterShare	91,061	305,600	(396,661)	-	-
Child care institutions	2,626	39,105	(39,980)	(65)	1,686
Children's homes run by Marialaya	66,973	104,733	(82,760)	(1,653)	87,293
Scholarships for girls	14,170	25,000	(28,427)	-	10,743
Prevention	52,937	48,901	(75,936)	-	25,902
Thrivewell	8,000	108,750	116,750	-	-
Total	$ 993,444	$ 2,160,181	$ (2,264,165)	$ (1,718)	$ 887,742

The Organization had the following net assets with donor restrictions activity for the fiscal year ended March 31, 2024:

	Beginning Balance	Additions	Released from Donor Restrictions	Translation Adjustment	Ending Balance
Donor Restricted for a Specified Purpose:					
Thrive Scale app	$ 686,591	$ 1,511,614	$ (1,442,398)	$ -	$ 755,807
Higher education & mental health	1,628	4,200	(3,958)	-	1,870
Texas Alliance of Child and Family Services work	-	5,000	(5,000)	-	-
FosterShare	338,651	673,143	(920,733)	-	91,061
Child care institutions	6,010	48,492	(51,787)	(89)	2,626
Children's homes run by Marialaya	55,333	100,783	(88,325)	(818)	66,973
Scholarships for girls	-	30,230	(16,060)	-	14,170
Prevention	-	65,000	(12,063)	-	52,937
Thrivewell	-	8,000	-	-	8,000
Total	$ 1,088,213	$ 2,446,462	$ (2,540,324)	$ (907)	$ 993,444

Note 9 – Conditional Grants

During September 2022, the Organization received a conditional grant from Grantor A in the amount of $1,000,000 plus 10% of the Organization’s prior year annual revenues (not to exceed $1,000,000) for a total potential payment of up to $2,000,000 per year for five years (October 2022 – October 2027). These funds are earmarked for A Family for Every Child program. During the fiscal years ended March 31, 2025 and 2024, the Organization earned and recognized $1,522,254 and $1,511,614, respectively. Future annual payments are conditional based on the Organization achieving reasonable progress towards implementation of various milestones and measures as outlined in the grant agreement and complies with reporting requirements.

During October 2022, the Organization received a conditional grant from Grantor B in the amount of $306,475 for children’s homes run by the Organization’s partner Marialaya in Erode and Coimbatore. During the fiscal years ended March 31, 2025 and 2024, $106,120 and $101,741, respectively, was earned and recognized. As of March 31, 2025, all amounts have been earned and recognized.

During October 2023, the Organization received a conditional grant from Grantor C in the amount of $805,000 for development of the FosterShare application. During the fiscal years ended March 31, 2025 and 2024, $275,000 and $315,000, respectively, was earned and recognized. The remaining $215,000 is expected to be earned and recognized as revenues throughout the fiscal year ended March 31, 2026 as the Organization achieves the desired outcomes outlined in the grant and complies with reporting requirements.

During May 2024, the Organization received a conditional grant from Grantor D in the amount of $125,000 for technology to improve interventions and stabilization of children. During the fiscal year ended March 31, 2025, $93,750 was earned and recognized. The remaining $31,250 is expected to be earned and recognized as revenues throughout the fiscal year ended March 31, 2026 as the Organization achieves the desired outcomes outlined in the grant and complies with reporting requirements.

Note 10 – Operating Lease Commitments

The Organization entered into various operating lease agreements set to expire at various dates through August 2027. Four of these leases had lease terms of twelve months or less. These leases meet the definition of short-term leases and thus the Organization does not recognize operating right-of-use assets and operating lease liabilities for these leases. During the fiscal years ended March 31, 2025 and 2024, the short-term lease expense totaled $13,750 and $11,485, respectively. The remaining two leases had lease terms of greater than twelve months. Accordingly, the Organization has recognized operating right-of-use assets and operating lease liabilities for these leases.

The following summarizes the line items in the consolidated statements of financial position for the operating leases as of March 31, 2025 and 2024:

Operating leases:	**2025**	2024
Operating right-of-use assets	**$ 85,203**	$ 116,863
Operating lease liability – current	**$ 30,447**	$ 28,832
Operating lease liability – noncurrent	**45,230**	77,591
Total operating lease liabilities	**$ 75,677**	$ 106,423

The following summarizes the weighted-average remaining operating lease term and discount rate as of March 31, 2025 and 2024:

	2025	**2024**
Weighted-average remaining lease term:		
Operating leases	**2.35 years**	3.35 years
Weighted-average discount rate:		
Operating leases	**3.50%**	3.50%

Future minimum lease payments to be paid on these operating leases are due as follows:

Fiscal Year Ending March 31,	**Undiscounted Cash Flows**	**Interest**	**Discounted Cash Flows**
2026	$ 32,510	$ (2,063)	$ 30,447
2027	33,861	(951)	32,910
2028	12,389	(69)	12,320
Total	$ 78,760	$ (3,083)	$ 75,677

Note 10 – Operating Lease Commitments (continued)

The following summarizes the line items in the consolidated statements of functional expenses which include the components of operating lease costs for the fiscal years ended March 31, 2025 and 2024:

	2025	2024
Operating lease expense	**$ 28,494**	$ 27,519
Interest on operating lease liability	**3,145**	3,522
Total operating lease costs	**$ 31,639**	$ 31,041

The following summarizes cash flow information related to operating leases for the fiscal years ended March 31, 2025 and 2024:

	2025	2024
Cash paid for amounts included in the measurement of operating lease liabilities:		
Operating cash flows from operating leases	**$ 31,639**	$ 31,041

Note 11 – Retirement Plans

The Miracle Foundation, Inc. participates in a 401(k) Retirement Plan, which covers all U.S.-based employees upon hire. Starting January 2021, The Miracle Foundation, Inc. matches employee contributions dollar-for-dollar for the first 3% and $0.50 on the dollar for the next 2%. Employer contributions totaling $47,361 and $41,891 were made to the 401(k) plan during the fiscal years ended March 31, 2025 and 2024, respectively.

Miracle India participates in two retirement plans, the Provident Fund and the Gratuity plan, which covers all India-based employees upon hire. Miracle India makes employer contributions of 12% of the employee's salary to the Provident Fund. Employer contributions totaling $46,153 and $40,358 were made to the Provident Fund during the fiscal years ended March 31, 2025 and 2024, respectively. In addition, Miracle India makes employer contributions to the Gratuity plan based on employee's salary and years of service. Employer contributions totaling $30,062 and $20,822 were made to the Gratuity plan during the fiscal years ended March 31, 2025 and 2024, respectively. As of March 31, 2025 and 2024, Miracle India has accrued $96,873 and $70,479, respectively, of future obligations under the Gratuity plan.

Note 12 – Liquidity and Availability of Financial Assets

The Organization's working capital and cash flows have seasonal variations during the fiscal year attributable to timing of receipts of contributions. Monthly cash outflows vary each fiscal year based on the specific requirements of the Organization's programming during the fiscal year.

The following reflects the Organization's financial assets as of the consolidated statements of financial position date, reduced by amounts not available for general use within one fiscal year of the consolidated statements of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for expenditure in the following fiscal year. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Organization's Board of Directors approves that action.

	2025	2024
Financial assets available:		
Cash and cash equivalents	**$ 522,288**	$ 1,859,022
Cash and cash equivalents with donor restrictions	**88,979**	69,599
Accounts receivable collectible in less than one year	**-**	1,200
Investments	**1,837,276**	804,372
Investments with donor restrictions	**798,763**	923,845
Total financial assets	**3,247,306**	3,658,038
Contractual or donor-imposed restrictions:		
With donor restrictions	**(887,742)**	(993,444)
Financial assets available to meet cash needs for expenditures within one year	**$ 2,359,564**	$ 2,664,594

Note 13 – Contributed Goods and Services

During the fiscal year ended March 31, 2025, the Organization recognized the following contributed goods and services activity:

	Revenue Recognized	Utilization in Programs and Activities	Donor Restrictions	Valuation Techniques and Inputs
Apparel and jewelry	**$ 950**	Expensed to events	No associated donor restrictions	Fair value
Food	**1,450**	Expensed to events & foster care	No associated donor restrictions	Fair value
Beverages	**1,153**	Expensed to events	No associated donor restrictions	Fair value
Sauna memberships	**320**	Expensed to events	No associated donor restrictions	Fair value
Sports tickets	**300**	Expensed to events	No associated donor restrictions	Fair value
Yoga class	**200**	Expensed to events	No associated donor restrictions	Fair value
Photography	**300**	Expensed to events	No associated donor restrictions	Fair value
Candles	**2,300**	Expensed to events	No associated donor restrictions	Fair value
Beauty products and services	**200**	Expensed to events	No associated donor restrictions	Fair value
Legal services	**92,167**	Expensed to Thrivewell and general and administrative	No associated donor restrictions	Fair value
Total	**$ 99,340**			

Note 13 – Contributed Goods and Services (continued)

During the fiscal year ended March 31, 2024, the Organization recognized the following contributed goods and services activity:

	Revenue Recognized	Utilization in Programs and Activities	Donor Restrictions	Valuation Techniques and Inputs
Legal Services	$ 65,598	Expensed to Foster Care and general & administrative	No associated donor restrictions	Fair value
Laptops	1,500	Expensed to general & administrative	No associated donor restrictions	Fair value
Food	586	Expensed to events and general & administrative	No associated donor restrictions	Fair value
Beverages	860	Expensed to events	No associated donor restrictions	Fair value
Total	$ 68,544			