

Audited Consolidated Financial Statements

The Miracle Foundation, Inc.

*For the Fiscal Years Ended March 31, 2026 and 2025
With Independent Auditor's Report*

The Miracle Foundation, Inc.

Audited Consolidated Financial Statements

For the Fiscal Years Ended March 31, 2026 and 2025

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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, 2026 and 2025, 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, 2026 and 2025, 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.

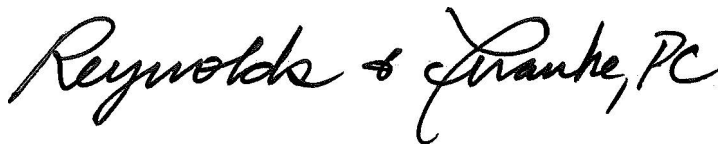
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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.

A handwritten signature in black ink that reads "Reynolds & Franke, PC". The signature is written in a cursive, flowing style.

Austin, Texas
June 15, 2026

Audited Consolidated Financial Statements

The Miracle Foundation, Inc.

Consolidated Statements of Financial Position

March 31, 2026 and 2025

	<u>2026</u>	<u>2025</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 403,199	\$ 522,288
Investments	1,391,933	1,837,276
Accounts receivable	3,152	-
Contributions receivable	101,747	-
Other current assets	49,223	77,995
Total current assets	<u>1,949,254</u>	<u>2,437,559</u>
 Cash and cash equivalents with donor restrictions	 105,166	 88,979
Investments with donor restrictions	904,185	798,763
Contributions receivable with donor restrictions	25,000	-
Long-term deposits	7,709	10,228
Property and equipment, net	448,847	462,771
Operating right-of-use assets	<u>48,361</u>	<u>85,203</u>
 Total assets	 <u><u>\$ 3,488,522</u></u>	 <u><u>\$ 3,883,503</u></u>
 Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 44,521	\$ 40,185
Accrued payroll expenses	103,060	105,099
Other accrued liabilities	98,389	112,337
Other current liabilities	4,811	7,221
Operating lease liability - current	30,106	30,447
Total current liabilities	<u>280,887</u>	<u>295,289</u>
 Operating lease liability - noncurrent	 <u>11,270</u>	 <u>45,230</u>
 Total liabilities	 <u>292,157</u>	 <u>340,519</u>
 Net Assets:		
Without donor restrictions	2,162,014	2,655,242
With donor restrictions	1,034,351	887,742
Total net assets	<u>3,196,365</u>	<u>3,542,984</u>
 Total liabilities and net assets	 <u><u>\$ 3,488,522</u></u>	 <u><u>\$ 3,883,503</u></u>

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, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenues, and Reclassifications:			
Contributions and support	\$ 2,407,842	\$ 2,470,452	\$ 4,878,294
Investment earnings	199,548	-	199,548
Contributed goods and services	29,857	15,000	44,857
Other income	5,953	-	5,953
Total support and revenues	<u>2,643,200</u>	<u>2,485,452</u>	<u>5,128,652</u>
Net assets released from donor restrictions	<u>2,331,262</u>	<u>(2,331,262)</u>	<u>-</u>
Total support, revenues, and reclassifications	<u>4,974,462</u>	<u>154,190</u>	<u>5,128,652</u>
Expenses:			
Program services	4,397,092	-	4,397,092
Fundraising	562,670	-	562,670
Management and general	516,365	-	516,365
Total expenses	<u>5,476,127</u>	<u>-</u>	<u>5,476,127</u>
Change in net assets from operations	(501,665)	154,190	(347,475)
Foreign currency adjustment	<u>8,437</u>	<u>(7,581)</u>	<u>856</u>
Total change in net assets	(493,228)	146,609	(346,619)
Net assets, beginning of the fiscal year	<u>2,655,242</u>	<u>887,742</u>	<u>3,542,984</u>
Net assets, end of the fiscal year	<u><u>\$ 2,162,014</u></u>	<u><u>\$ 1,034,351</u></u>	<u><u>\$ 3,196,365</u></u>

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	<u>3,279,043</u>	<u>2,160,181</u>	<u>5,439,224</u>
Net assets released from donor restrictions	<u>2,264,165</u>	<u>(2,264,165)</u>	<u>-</u>
Total support, revenues, and reclassifications	<u>5,543,208</u>	<u>(103,984)</u>	<u>5,439,224</u>
Expenses:			
Program services	4,711,627	-	4,711,627
Fundraising	619,970	-	619,970
Management and general	517,174	-	517,174
Total expenses	<u>5,848,771</u>	<u>-</u>	<u>5,848,771</u>
Change in net assets from operations	(305,563)	(103,984)	(409,547)
Foreign currency adjustment	<u>(3,057)</u>	<u>(1,718)</u>	<u>(4,775)</u>
Total change in net assets	(308,620)	(105,702)	(414,322)
Net assets, beginning of the fiscal year	<u>2,963,862</u>	<u>993,444</u>	<u>3,957,306</u>
Net assets, end of the fiscal year	<u><u>\$ 2,655,242</u></u>	<u><u>\$ 887,742</u></u>	<u><u>\$ 3,542,984</u></u>

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, 2026

	Program Services				Supporting Services		
	Prevent	Unite	Stabilize	Total Programs	Fundraising	Management & General	Total
Salaries, payroll taxes, and benefits	\$ 727,540	\$ 731,727	\$ 719,165	\$ 2,178,432	\$ 404,994	\$ 438,475	\$ 3,021,901
Partner program costs	435,987	351,987	107,943	895,917	-	-	895,917
Orphanage support	232,242	304,074	147,450	683,766	-	-	683,766
Miscellaneous expense	47,798	48,920	45,555	142,273	27,658	27,269	197,200
Consulting fees	27,924	27,924	27,924	83,772	28,468	2,456	114,696
Office expense	22,687	22,847	22,366	67,900	14,151	14,133	96,184
Travel	31,769	34,990	25,325	92,084	3,116	321	95,521
Professional fees	16,252	16,252	16,252	48,756	9,636	9,901	68,293
Charitable contributions	61,086	-	-	61,086	-	-	61,086
Operating lease expense	8,527	9,392	6,798	24,717	1,734	3,182	29,633
Public relations	-	-	-	-	29,113	-	29,113
Bank charges	6,461	6,461	6,461	19,383	4,528	4,320	28,231
Advertising expense	-	-	-	-	24,774	-	24,774
Licenses and fees	5,327	5,327	5,327	15,981	3,734	3,561	23,276
Utilities	5,661	5,661	5,661	16,983	2,087	2,936	22,006
Contract labor	5,717	5,717	5,716	17,150	-	-	17,150
Insurance expense	3,759	3,759	3,759	11,277	2,635	2,515	16,427
Depreciation expense	3,187	3,187	3,187	9,561	2,233	2,130	13,924
Postage and shipping	3,412	3,412	3,412	10,236	980	1,644	12,860
Rent expense	2,442	2,056	3,215	7,713	821	1,503	10,037
Repairs and maintenance	1,887	1,888	1,887	5,662	1,323	1,262	8,247
Telephone	925	925	925	2,775	565	538	3,878
Interest on operating lease liability	574	626	468	1,668	120	219	2,007
Total expenses	<u>\$ 1,651,164</u>	<u>\$ 1,587,132</u>	<u>\$ 1,158,796</u>	<u>\$ 4,397,092</u>	<u>\$ 562,670</u>	<u>\$ 516,365</u>	<u>\$ 5,476,127</u>
Percentage of total expenses	<u>30%</u>	<u>29%</u>	<u>21%</u>	<u>80%</u>	<u>10%</u>	<u>10%</u>	<u>100%</u>

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	<u>\$ 1,762,872</u>	<u>\$ 1,484,306</u>	<u>\$ 1,464,449</u>	<u>\$ 4,711,627</u>	<u>\$ 619,970</u>	<u>\$ 517,174</u>	<u>\$ 5,848,771</u>
Percentage of total expenses	<u>30%</u>	<u>25%</u>	<u>25%</u>	<u>80%</u>	<u>11%</u>	<u>9%</u>	<u>100%</u>

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, 2026 and 2025

	<u>2026</u>	<u>2025</u>
Cash flows from operating activities		
Change in net assets from operations	\$ (347,475)	\$ (409,547)
Adjustments to reconcile change in net assets from operations to net cash flows from operating activities:		
Depreciation	13,924	14,690
Unrealized losses	36,727	43,085
Amortization of operating right-of-use assets	36,842	31,660
(Increase) decrease in operating assets:		
Accounts receivable	(3,152)	1,200
Contributions receivable	(126,747)	-
Other current assets	28,772	(1,604)
Long-term deposits	2,519	314
Increase (decrease) in operating liabilities:		
Accounts payable	4,336	3,332
Accrued liabilities	(15,987)	42,688
Other current liabilities	(2,410)	629
Refundable advance	-	(57,373)
Operating lease liability	(34,301)	(30,746)
Net cash used in operating activities	<u>(406,952)</u>	<u>(361,672)</u>
Cash flows from investing activities		
Purchases of investments	(1,973,113)	(2,863,333)
Sales of investments	2,276,307	1,912,426
Net cash provided by (used in) investing activities	<u>303,194</u>	<u>(950,907)</u>
Net change in cash and cash equivalents	(103,758)	(1,312,579)
Effect of foreign currency exchange rates on cash	856	(4,775)
Cash and cash equivalents, beginning of the fiscal year	611,267	1,928,621
Cash and cash equivalents, end of the fiscal year	<u>\$ 508,365</u>	<u>\$ 611,267</u>
Cash and cash equivalents consisted of the following:		
Cash and cash equivalents	\$ 403,199	\$ 522,288
Cash and cash equivalents with donor restrictions	105,166	88,979
	<u>\$ 508,365</u>	<u>\$ 611,267</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 2,007</u>	<u>\$ 3,145</u>

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, 2026 and 2025

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 25 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 TM 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.

The Organization's major program services are as follows:

Prevent – The Organization prevents children from entering the system in the first place. Every day around the world, social workers, caregivers and government officials make decisions that impact millions of vulnerable children. Along with our partners, the Organization provides highly specialized training and educational resources for these "boots on the ground" workers in the childcare ecosystem.

Unite – The Organization unites children with families and during FY2025-26 we reunited 2,292 children. Children want to grow up in a family, and each of them have the right to a safe, stable, and permanent home. Each child's journey home is unique, as we lead the transition of children away from institutions, our job is to make sure this work is done in a safe, stable, and permanent way. To facilitate this, we use our Thrive Scale TM methodology to measure and activate a child's rights and strengthen their family to ensure they stay together.

Stabilize – The Organization ensures children grow up in a safe, stable family. We work tirelessly to help stabilize children while they await a forever home. We use data to drive our decisions and ensure that all children thrive, our leading-edge ThriveWell software offers a revolutionary and welcome change to the US foster care system. Our work in foster care helps streamline communications, simplifies the reporting process, helps families and helps children avoid the painful process of being moved from home to home. Secondly, our proprietary Thrive Scale TM methodology allows us to measure progress and assess risk at every stage of our work. Developed over the past two decades, this one-of-a-kind tool is taking the guesswork out of childcare and has propelled the Organization into a global nonprofit organization.

The Miracle Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

For the Fiscal Years Ended March 31, 2026 and 2025

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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.

The Miracle Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

For the Fiscal Years Ended March 31, 2026 and 2025

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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, 2026 and 2025 will be immaterial. Accounts receivable at March 31, 2026, 2025, and 2024 were \$3,152, \$0, and \$1,200, respectively.

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.

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.

The Miracle Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

For the Fiscal Years Ended March 31, 2026 and 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Leases (continued)

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.

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, 2026 and 2025. 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, 2026 and 2025.

The Organization accrues interest and penalties related to unrecognized tax positions as a component of income tax expense. As of March 31, 2026 and 2025, there was no accrued interest and penalties.

The Miracle Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

For the Fiscal Years Ended March 31, 2026 and 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Contributions and Contributions Receivable

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.

Contributions receivable are stated at the amount that the Organization expects to collect from outstanding contributions receivable balances. The Organization has not set up an allowance for uncollectible contributions receivable at March 31, 2026, because management estimates that the contributions receivable are collectible. As of March 31, 2026, contributions receivable, including contributions receivable with donor restrictions, are collectible in less than one year.

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, 2026 and 2025, 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, 2024	\$	54,920
Fiscal year 2025 translation adjustment		4,775
Balance as of March 31, 2025		59,695
Fiscal year 2026 translation adjustment		(856)
Balance as of March 31, 2026	\$	<u>58,839</u>

Date of Management's Review

These consolidated financial statements considered subsequent events through June 15, 2026, the date the consolidated financial statements were available to be issued.

The Miracle Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

For the Fiscal Years Ended March 31, 2026 and 2025

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.

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.

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 cash and cash equivalents and investments with high credit quality financial institutions and investment firms 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 was changed to \$250,000 per bank per entity for all interest bearing and non-interest bearing accounts. 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, 2026 and 2025, the Organization had uninsured cash balances of \$193,661 and \$210,900, respectively. 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. The Organization's investments at times may exceed the insured coverages, however the Organization limits the amount of credit exposure through diversification and restricting its investments to highly rated securities. The Organization has not experienced any losses in these accounts in the past.

During the fiscal years ended March 31, 2026 and 2025, the Organization received 30% and 28%, respectively, of total support and revenues from one grantor.

The Miracle Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

For the Fiscal Years Ended March 31, 2026 and 2025

Note 3 – Investments

At March 31, 2026 and 2025, investments (including investments with donor restrictions) consisted of the following:

	2026	2025
Mutual funds	\$ -	\$ 166,313
Exchange traded funds	2,109,562	2,155,653
Fixed income	186,556	314,073
Total investments	<u>\$ 2,296,118</u>	<u>\$ 2,636,039</u>

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.

The Miracle Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

For the Fiscal Years Ended March 31, 2026 and 2025

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, 2026.

The following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value as of March 31, 2026 and 2025:

Description	2026 Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Exchange traded funds	\$ 2,109,562	\$ 2,109,562	\$ -	\$ -
Fixed income	186,556	186,556	-	-
Total investments	<u>\$ 2,296,118</u>	<u>\$ 2,296,118</u>	<u>\$ -</u>	<u>\$ -</u>

Description	2025 Fair Value	Fair Value Measurements Using:		
		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	<u>\$ 2,636,039</u>	<u>\$ 2,636,039</u>	<u>\$ -</u>	<u>\$ -</u>

The Organization's other financial instruments consist principally of cash and cash equivalents, cash and cash equivalents with donor restrictions, accounts receivable, contributions receivable, contributions receivable with donor restrictions, 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, 2026 and 2025

Note 5 – Property and Equipment

At March 31, 2026 and 2025, property and equipment consisted of the following:

	2026	2025
Land	\$ 316,048	\$ 316,048
Building	79,012	79,012
Computers	22,363	22,363
Website and software development costs	82,063	82,063
Furniture and equipment	178,763	178,763
Total cost	678,249	678,249
Less: accumulated depreciation	(229,402)	(215,478)
Property and equipment, net	<u>\$ 448,847</u>	<u>\$ 462,771</u>

Depreciation expense totaled \$13,924 and \$14,690 for the fiscal years ended March 31, 2026 and 2025, respectively.

Note 6 – Operating Lease Commitments

The Organization entered into various operating lease agreements set to expire at various dates through August 2027. Three 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, 2026 and 2025, 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, 2026 and 2025:

	2026	2025
Operating leases:		
Operating right-of-use assets	<u>\$ 48,361</u>	<u>\$ 85,203</u>
Operating lease liability – current	\$ 30,106	\$ 30,447
Operating lease liability – noncurrent	11,270	45,230
Total operating lease liabilities	<u>\$ 41,376</u>	<u>\$ 75,677</u>

The Miracle Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

For the Fiscal Years Ended March 31, 2026 and 2025

Note 6 – Operating Lease Commitments (continued)

The following summarizes the weighted-average remaining operating lease term and discount rate as of March 31, 2026 and 2025:

	<u>2026</u>	<u>2025</u>
Weighted-average remaining lease term:		
Operating leases	1.36 years	2.35 years
Weighted-average discount rate:		
Operating leases	3.48%	3.50%

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

<u>Fiscal Year Ending March 31,</u>	<u>Undiscounted</u>		<u>Discounted</u>
	<u>Cash Flows</u>	<u>Interest</u>	<u>Cash Flows</u>
2027	\$ 30,976	\$ (871)	\$ 30,106
2028	11,334	(63)	11,270
Total	<u>\$ 42,310</u>	<u>\$ (934)</u>	<u>\$ 41,376</u>

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, 2026 and 2025:

	<u>2026</u>	<u>2025</u>
Operating lease expense	\$ 29,633	\$ 28,494
Interest on operating lease liability	2,007	3,145
Total operating lease costs	<u>\$ 31,640</u>	<u>\$ 31,639</u>

The following summarizes cash flow information related to operating leases for the fiscal years ended March 31, 2026 and 2025:

	<u>2026</u>	<u>2025</u>
Cash paid for amounts included in the measurement of operating lease liabilities:		
Operating cash flows from operating leases	\$ 31,640	\$ 31,639

Note 7 – Related Party Transactions

During the fiscal years ended March 31, 2026 and 2025, members and officers of the Board of Directors made contributions totaling \$85,385 and \$55,287, respectively, to the Organization.

The Miracle Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

For the Fiscal Years Ended March 31, 2026 and 2025

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, 2026:

	Beginning Balance	Additions	Released from Donor Restrictions	Translation Adjustment	Ending Balance
Donor Restricted for a Specified Purpose:					
Thrive Scale app	\$ 761,127	\$ 1,532,535	\$ (1,527,395)	\$ -	\$ 766,267
Higher education & mental health	991	5,916	(6,907)	-	-
FosterShare	-	240,000	(240,000)	-	-
Delhi laptops & Anwesha lab	-	12,592	(12,592)	-	-
Tamil Nadu children	-	31,250	(7,639)	-	23,611
Case study	-	10,000	(440)	-	9,560
Child care institutions	1,686	35,862	(37,404)	(144)	-
Children's homes run by Marialaya	87,293	-	(69,995)	(7,437)	9,861
Children's homes run by Mukta & Ashakiran	-	54,726	(54,726)	-	-
Mentor Program	-	12,874	(12,874)	-	-
Support for Ashakiran & Anmol	-	32,336	(32,336)	-	-
Training curriculum improvements & strengthening fundraising capacities	-	120,611	(25,306)	-	95,305
Scholarships for girls	10,743	23,000	(33,100)	-	643
Prevention	25,902	-	(25,902)	-	-
Thrivewell	-	373,750	(244,646)	-	129,104
Total	\$ 887,742	\$ 2,485,452	\$ (2,331,262)	\$ (7,581)	\$ 1,034,351

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 Miracle Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

For the Fiscal Years Ended March 31, 2026 and 2025

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, 2026 and 2025, the Organization earned and recognized \$1,532,535 and \$1,522,254, 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 year ended March 31, 2025, \$106,120 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, 2026 and 2025, \$215,000 and \$275,000, respectively, was earned and recognized. As of March 31, 2026, all amounts have been earned and recognized.

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 years ended March 31, 2026 and 2025, \$31,250 and \$93,750, respectively was earned and recognized. As of March 31, 2026, all amounts have been earned and recognized.

During December 2025, the Organization received a conditional grant from Grantor E in the amount of \$373,922 for the Organization's partners Ashakiran and Anmol. During the fiscal year ended March 31, 2026, \$34,402 was earned and recognized. The remaining \$331,723 is expected to be earned and recognized as revenues throughout the fiscal years ended March 31, 2027, 2028, and 2029 as the Organization achieves the desired outcomes outlined in the grant and complies with reporting requirements.

During December 2025, the Organization received a conditional grant from Grantor F in the amount of \$549,198 for training curriculum improvements and strengthening fundraising capacities. During the fiscal year ended March 31, 2026, \$128,317 was earned and recognized. The remaining \$407,284 is expected to be earned and recognized as revenues throughout the fiscal years ended March 31, 2027, 2028, and 2029 as the Organization achieves the desired outcomes outlined in the grant and complies with reporting requirements.

Note 10 – Advertising Costs

Advertising costs are expensed as incurred. Advertising costs totaled \$24,774 and \$38,667, respectively, for the fiscal years ended March 31, 2026 and 2025.

The Miracle Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

For the Fiscal Years Ended March 31, 2026 and 2025

Note 11 – Contributed Goods and Services

During the fiscal year ended March 31, 2026, the Organization recognized the following contributed goods and services activity:

	Revenue Recognized	Utilization in Programs and Activities	Donor Restrictions	Valuation Techniques and Inputs
AWS Promotional Credits	\$ 15,000	Expensed to Thrivewell	Restricted to Thrivewell	Fair value
Legal services	<u>29,857</u>	Expensed to Thrivewell and general and administrative	No associated donor restrictions	Fair value
Total	<u>\$ 44,857</u>			

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	<u>92,167</u>	Expensed to Thrivewell and general and administrative	No associated donor restrictions	Fair value
Total	<u>\$ 99,340</u>			

Note 12 – 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 \$47,931 and \$47,361 were made to the 401(k) plan during the fiscal years ended March 31, 2026 and 2025, respectively.

The Miracle Foundation, Inc.

Notes to Consolidated Financial Statements (continued)

For the Fiscal Years Ended March 31, 2026 and 2025

Note 12 – Retirement Plans (continued)

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 \$47,695 and \$46,153 were made to the Provident Fund during the fiscal years ended March 31, 2026 and 2025, respectively. In addition, Miracle India makes employer contributions to the Gratuity plan based on employee's salary and years of service. Employer contributions totaling \$8,062 and \$30,062 were made to the Gratuity plan during the fiscal years ended March 31, 2026 and 2025, respectively. As of March 31, 2026 and 2025, Miracle India has accrued \$94,857 and \$96,873, respectively, of future obligations under the Gratuity plan.

Note 13 – 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.

	2026	2025
Financial assets available:		
Cash and cash equivalents	\$ 403,199	\$ 522,288
Cash and cash equivalents with donor restrictions	105,166	88,979
Accounts receivable collectible in less than one year	3,152	-
Contributions receivable collectible in less than one year	101,747	-
Contributions receivable with donor restrictions collectible in less than one year	25,000	-
Investments	1,391,933	1,837,276
Investments with donor restrictions	904,185	798,763
Total financial assets	2,934,382	3,247,306
Contractual or donor-imposed restrictions:		
With donor restrictions	(1,034,351)	(887,742)
Financial assets available to meet cash needs for expenditures within one year	\$ 1,900,031	\$ 2,359,564