Cristosal, Inc. and Consolidated Entities

Consolidated Financial Statements
December 31, 2025

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

Board of Directors
Cristosal, Inc. and Consolidated Entities

Opinion

We have audited the accompanying consolidated financial statements of Cristosal, Inc. and Consolidated Entities (collectively, "Cristosal"), which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cristosal as of December 31, 2025, and the consolidated changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 Cristosal's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cristosal'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 Cristosal's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Cristosal's December 31, 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 18 to 19 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

PKF O'Connor Davies, LLP

October 23, 2026

Cristosal, Inc. and Consolidated Entities

Consolidated Statement of Financial Position
December 31, 2025
(with comparative amounts at December 31, 2024)

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,267,135	$ 705,256
Short-term investments	1,000,000	-
Grants and contributions receivable	751,714	761,315
Prepaid expenses and other current assets	23,392	26,805
Cash advance - employees	3,086	-
Total Current Assets	3,045,327	1,493,376
Grants and contributions receivable - non-current, net	466,592	350,418
Property and equipment, net	20,400	59,790
Right-of-use asset, net	-	40,412
	$ 3,532,319	$ 1,943,996
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 76,698	$ 125,730
Other payables and accruals	4,317	31,409
Refundable advances	210,024	94,034
Lease liabilities - current	-	40,562
Total Current Liabilities	291,039	291,735
Net Assets		
Without donor restrictions	2,451,461	935,621
With donor restrictions	789,819	716,640
Total Net Assets	3,241,280	1,652,261
	$ 3,532,319	$ 1,943,996

See notes to consolidated financial statements

Cristosal, Inc. and Consolidated Entities

Consolidated Statement of Activities
Year Ended December 31, 2025
(with summarized totals for the year ended December 31, 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
REVENUE AND SUPPORT				
Grants and contributions	$ 3,477,036	$ 739,841	$ 4,216,877	$ 6,076,977
Global school	9,585	-	9,585	51,287
Consulting income	22,431	-	22,431	-
Gain on sale of property and other income	71,970	-	71,970	-
Investment return	376	-	376	7,879
Net assets released from restrictions	666,662	(666,662)	-	-
Total Revenue and Support	4,248,060	73,179	4,321,239	6,136,143
OPERATING EXPENSES				
Program expenses	1,904,098	-	1,904,098	5,502,274
Management and general	640,122	-	640,122	632,535
Fundraising	188,000	-	188,000	315,844
Total Expenses	2,732,220	-	2,732,220	6,450,653
Change in Net Assets	1,515,840	73,179	1,589,019	(314,510)
NET ASSETS				
Beginning of year	935,621	716,640	1,652,261	1,966,771
End of year	$ 2,451,461	$ 789,819	$ 3,241,280	$ 1,652,261

See notes to consolidated financial statements

Cristosal, Inc. and Consolidated Entities

Consolidated Statement of Functional Expenses
Year Ended December 31, 2025
(with summarized totals for the year ended December 31, 2024)

	Program Expenses	Management and General	Fundraising	2025 Total	2024 Total
Salaries, wages and taxes	$ 1,113,265	$ 195,098	$ 99,596	$ 1,407,959	$ 2,781,813
Employee benefits	46,399	72,737	23,135	142,271	623,018
Total Compensation and Related Expenses	1,159,664	267,835	122,731	1,550,230	3,404,831
Human rights and legal assistance	197,368	4,517	-	201,885	773,632
Travel	60,380	5,706	7,405	73,491	191,460
Workshops and seminars	29,021	5,918	837	35,776	182,607
Publications	28,809	-	-	28,809	278,110
Office expense	116,932	94,349	212	211,493	236,973
Professional fees	179,701	144,548	37,834	362,083	1,038,667
Supplies and materials	30,239	13,872	5,997	50,108	1,003
Rent	83,820	36,363	-	120,183	146,249
Insurance	989	928	-	1,917	4,083
Repairs and maintenance	-	-	-	-	10,743
Utilities	7,732	4,500	-	12,232	21,464
Software	7,913	8,915	12,984	29,812	21,811
Bank fees	1,530	1,649	-	3,179	11,047
Depreciation	-	15,850	-	15,850	8,120
Income taxes	-	19,133	-	19,133	36,315
Bad debts	-	16,039	-	16,039	83,538
Total Expenses	$ 1,904,098	$ 640,122	$ 188,000	$ 2,732,220	$ 6,450,653

See notes to consolidated financial statements

Cristosal, Inc. and Consolidated Entities

Consolidated Statement of Cash Flows
Year Ended December 31, 2025
(with comparative amounts for the year ended December 31, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,589,019	$ (314,510)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	15,850	8,120
Discount on grants and contributions receivable	(16,174)	(51,040)
Bad debts	16,039	83,538
Gain on sale of property and equipment	(10,088)	-
Amortization of right-of-use asset	40,412	79,129
Change in operating assets and liabilities		
Grants and contributions receivable	(106,438)	204,539
Prepaid expenses and other current assets	3,413	17,559
Cash advance - employees	(3,086)	1,511
Accounts payable	(49,032)	59,168
Other payables and accruals	(27,092)	10,924
Refundable advances	115,990	(126,219)
Lease liabilities	(40,562)	(79,429)
Net Cash from Operating Activities	1,528,251	(106,710)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,000,000)	-
Proceeds from sale of property and equipment	33,628	-
Purchases of property and equipment	-	(60,090)
Net Cash from Investing Activities	(966,372)	(60,090)
Net Change in Cash and Cash Equivalents	561,879	(166,800)
CASH AND CASH EQUIVALENTS		
Beginning of year	705,256	872,056
End of year	$ 1,267,135	$ 705,256

See notes to consolidated financial statements

1. Nature of Business

Cristosal, Inc. (formerly Foundation Cristosal, Inc.) was incorporated in 2000 under the laws of the State of Vermont. It is a nongovernmental organization based in Guatemala City, Guatemala, advancing human rights in Central America through rights-based programming, research, and learning, with programmatic activities in Guatemala and Honduras.

Cristosal, Inc. has been registered as a civil association in Honduras since 2018. In December 2024, the Ministry of the Interior of Guatemala authorized Cristosal, Inc. to establish a branch in Guatemala, which was registered in February 2025. During 2025, while the branch completed its administrative setup, operational activities in Guatemala were carried out through its subsidiary, Grupo Logístico Matilisguate, Sociedad Anonima.

Cristosal, Inc. was authorized to operate in El Salvador in 2013 and opened its branch office, Fundación Cristosal at that time. Cristosal, Inc. has two wholly owned subsidiaries, acquired in February 2023, Izote, S.A. DE C.V. (El Salvador) and Grupo Logístico Matilisguate, Sociedad Anonima (Guatemala), formed to provide personnel subcontracting and logistical support services, and any other activity permitted by law.

In December 2022, the Ministerio de Hacienda de El Salvador (“Ministry of Finance of El Salvador”) revoked Fundación Cristosal's income tax-excluded status. The Ministry's stated grounds were that the organization's activities did not correspond to its authorized purposes, while management attributes the revocation to the political challenges faced by civil society organizations in the country. Since 2023, Fundación Cristosal has been subject to income tax in El Salvador, and it has challenged the revocation in court.

In January 2025, awards funded directly by the U.S. Agency for International Development (“USAID”) were terminated, and other federally funded projects were temporarily suspended. Those projects subsequently resumed and were completed at the end of their agreed terms. The loss of federal funding resulted in a significant decrease in revenue and a reduction of the related personnel, with no severance obligations outstanding at December 31, 2025. Management is diversifying funding through private foundations, European organizations, and individual donors in the United States.

In May 2025, El Salvador enacted the Foreign Agents Law (Legislative Decree No. 308), which imposes a 30% tax on funds received from foreign sources. Management concluded that continuing operations was not feasible. Fundación Cristosal was closed in July 2025, and, with donor approval, redirected the related donor-restricted activities to Guatemala and Honduras. Izote, S.A. DE C.V. completed the actions necessary to cease its operations and had no economic activity as of December 31, 2025. Both entities maintain their legal registration and comply with local formal obligations. Management does not plan to resume operations in El Salvador under current conditions but continues to monitor developments there, consistent with its mission.

2. Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Cristosal, Inc., Izote S.A., DE C.V. (El Salvador) and Grupo Logístico Matilisguate, Sociedad Anonima (collectively, "Cristosal"). The consolidated financial statements include all adjustments and reclassifications necessary to eliminate the effects of significant intercompany accounts and transactions.

Basis of Presentation and Use of Estimates

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant estimates and assumptions relate to the determination of allowances for doubtful accounts; allocation of expenses amongst functional categories and useful lives of property and equipment. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cristosal considers all highly liquid debt instruments purchased with a maturity of three months or less, except bank certificates of deposit and treasury obligations, to be cash equivalents.

Grants and Contributions Receivable

Grants and contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance account and a credit to grants and contributions receivable. The receivables are expected to be collected in full.

Unconditional Promises to Give

Cristosal records unconditional promises to give that are expected to be collected within one year at net realizable value. An unconditional promise to give expected to be collected in future years is initially recorded at the present value of estimated future cash flows. In subsequent years, amortization of the discounts is included in grants and contributions on the consolidated statement of activities. Cristosal determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

2. Summary of Significant Accounting Policies *(continued)*

Property, Equipment and Depreciation

Property and equipment purchased in excess of $500, which include vehicles, furniture and equipment and computer equipment, are capitalized and recorded at cost at date of acquisition or at fair value on the contribution date. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

The estimated useful lives of Cristosal's property and equipment are four years for vehicles and five years for furniture and equipment and computer equipment.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability is assessed by comparing the carrying amount of the asset or asset group to the estimated undiscounted future cash flows expected from its use and eventual disposition. If the carrying amount is not recoverable, an impairment loss is recognized for the amount by which the carrying amount exceeds fair value. No impairment losses were recognized for the years ended December 31, 2025 and 2024.

Refundable Advances

Refundable advances consist of funds received from various grants that have not yet been earned.

Net Asset Presentation

Net assets without donor restrictions represent net assets which are not restricted by donors. Net assets without donor restrictions are funds that are fully available, at the discretion of the Board of Directors and management, for Cristosal to utilize in any of its programs or supporting services. Net assets without donor restrictions may be designated for specific purposes by Cristosal's Board of Directors or may be limited by legal requirements or contractual agreements with outside parties.

Net assets with donor restrictions represent net assets which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose. Some net assets with donor restrictions are subject to donor-imposed restrictions that may require Cristosal to use or expend the gifts as specified, based on purpose or passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, such net assets are reclassified to net assets without donor restrictions and reported on the consolidated statement of activities as net assets released from restrictions.

2. Summary of Significant Accounting Policies *(continued)*

Compensated Absences

Certain employees are entitled to paid vacation and paid sick days. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying consolidated financial statements. Cristosal's policy is to recognize the cost of compensated absences when actually paid to employees.

Revenue Recognition

Cristosal recognizes revenue from grants and contributions in accordance with guidance that requires Cristosal to evaluate whether a transfer of assets is (1) a contribution or (2) an exchange transaction. An exchange transaction is one in which the resource provider is receiving commensurate value in return for the resources transferred. If the transfer of assets is determined to be a contribution, Cristosal evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before Cristosal is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Government Grants

Grants and contracts from government agencies are recorded based on the terms of the agreements, which generally state that revenue is earned as allowable costs are incurred. Amounts received in advance are recorded as refundable advances on the consolidated statement of financial position.

Cristosal receives and expends resources in connection with its administration of federal and other governmental grants and contracts. The terms of these agreements generally allow granting agencies the right to audit costs incurred thereunder, and potentially disallow a portion thereof and/or adjust funding on a prospective basis. In the opinion of management, audit adjustments, if any, are not expected to have a significant effect on the financial statements.

Functional Allocation of Expenses

Cristosal's expenses have been summarized on a functional basis in accordance with US GAAP. Most expenses may be directly identified to their related program or supporting service function and are recorded accordingly. Indirect expenses such as salaries and benefits are allocated on the basis of time and effort; and rent, repairs and maintenance, office equipment, software and telephone expense, are allocated based on estimated usage.

2. Summary of Significant Accounting Policies *(continued)*

Summarized Comparative Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset or functional class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with Cristosal's consolidated financial statements as of and for the year ended December 31, 2024, from which the summarized information was derived.

Accounting for Uncertainty in Income Taxes

Cristosal recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that Cristosal had no uncertain tax positions that would require financial statement recognition or disclosure. Cristosal is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2022.

Cristosal, Inc. is exempt from federal income tax under Internal Revenue Code Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code.

Fundación Cristosal and Izote S.A., DE C.V. are subject to income tax under El Salvadorian tax laws. Such amounts were immaterial for the years ended December 31, 2025 and 2024.

Grupo Logistico Matilisguate, Sociedad Anonima is subject to income tax under Guatemalan tax laws. Such amounts were immaterial for the years ended December 31, 2025 and 2024.

Cristosal has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions in which it has nexus; and to identify and evaluate other matters that may be considered tax positions. Except for the challenge to its tax status in El Salvador, Cristosal has determined that there are no other material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

Functional and Reporting Currency

The U.S. dollar is the functional currency of Cristosal and its consolidated subsidiaries. The accompanying consolidated financial statements are presented in U.S. dollars.

Leases

Cristosal leases office space and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets ("ROU assets") and operating lease liabilities on the accompanying consolidated statement of financial position.

2. Summary of Significant Accounting Policies *(continued)*

Leases (continued)

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. When leases do not provide an implicit borrowing rate, Cristosal uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease terms may include options to extend the lease and when it is reasonably certain that Cristosal will exercise that option, such amounts are included in ROU assets and lease liabilities. Lease expense for the lease payments is recognized on a straight-line basis over the lease term.

Cristosal's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Cristosal considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed as payments when incurred.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which is October 23, 2026.

3. Concentration of Credit Risk

Financial instruments that potentially subject Cristosal to concentrations of credit risk consist principally of cash and cash equivalents, a certificate of deposit, and grants and contributions receivable. Cristosal maintains its cash and cash equivalents and certificate of deposit with high-credit-quality financial institutions where balances from time to time may exceed federal insurance limits. As of December 31, 2025 and 2024, Cristosal's cash and cash equivalent balances on deposit exceeded the federal insurance limits by approximately $970,000 and $455,000.

At December 31, 2025, Cristosal held a $1,000,000 certificate of deposit, reported as a short-term investment. This certificate of deposit and Cristosal’s other deposits at the same bank are combined when determining deposit insurance coverage.

A concentration of credit risk existed with respect to grants and contributions receivable since one donor represented 65% and 64% of grants and contributions receivable at December 31, 2025 and 2024.

4. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the consolidated statement of financial position date, are comprised of the following at December 31:

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	$ 1,267,135	$ 705,256
Short-term investments	1,000,000	-
Grants and contributions, current	751,714	761,315
Total Financial Assets	3,018,849	1,466,571
Less amounts unavailable for general expenditure:		
Donor-imposed restrictions - grants and contributions receivable, non-current	323,227	366,222
Financial Assets at Year-End Available to Meet Cash Needs for General Expenditure Within One Year	$ 2,695,622	$ 1,100,349

Cristosal is primarily supported by grants and contributions. Cristosal considers grants and contributions for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Cristosal manages its liquidity and reserves to provide reasonable assurance that long-term obligations will be met. This goal is achieved through Cristosal's budgeting process and expenditure policies.

5. Grants and Contributions Receivable

Cristosal has the following grants and contributions receivable at December 31:

	2025	2024
Due within		
Less than one year	$ 751,714	$ 761,315
One to five years	500,000	400,000
	1,251,714	1,161,315
Discount to present value	(33,408)	(49,582)
	$ 1,218,306	$ 1,111,733

During 2025 and 2024, the present value of grants and contributions receivable was discounted using the applicable rate of 3.98% and 4.51%. Management believes that the grants and contributions receivable are fully collectible and no allowance for doubtful accounts has been established.

6. Cash Advances - Employees

Cristosal has advanced cash to its employees to cover the costs of work-related incidentals, such as refreshments for various meetings with people participating in Cristosal's activities. The advances are expensed once the employee submits the receipts to Cristosal.

7. Property and Equipment

Property and equipment consisted of the following at December 31:

	2025	2024
Vehicles	$ 56,685	$ 154,946
Furniture and equipment	-	3,747
Computer equipment	-	25,158
	56,685	183,851
Less: accumulated depreciation	(36,285)	(124,061)
	$ 20,400	$ 59,790

Depreciation expense for the years ended December 31, 2025 and 2024 was $15,850 and $8,120. During 2025, Cristosal sold $127,166 of property and equipment that had a net book value of $23,540.

8. Investments

Certificate of Deposit

As of December 31, 2025, Cristosal held a certificate of deposit of $1,000,000, bearing interest at 3.63% per annum and maturing on May 1, 2026. The certificate of deposit is included in short-term investments on the accompanying statement of financial position. The certificate is subject to a penalty for withdrawal prior to its maturity date. On May 1, 2026, the $1,000,000 was renewed into a five month certificate of deposit bearing interest at 1.5% per annum and matured on October 1, 2026. On October 1, 2026, the $1,000,000 was renewed into another five month certificate of deposit bearing interest at 0.5% per annum and maturing on March 1, 2027.

9. Concentration of Revenue

For the year ended December 31, 2025, Cristosal derived approximately 98% of its revenue from grants and contributions. In addition, approximately 51% of total grants and contributions received during 2025 were contributed by five funders. For the year ended December 31, 2024, Cristosal derived approximately 98% of its revenue from grants and contributions. In addition, approximately 62% of total grants and contributions received during 2024 were contributed by one funder.

10. Net Assets with Donor Restrictions

The following summarizes the changes in net assets with donor restrictions for the years ended December 31:

	2025			
	Net Assets With Donor Restrictions as of December 31, 2024	Contributions With Donor Restrictions in 2025	Net Assets Released from Restrictions in 2025	Net Assets With Donor Restrictions as of December 31, 2025
Time restrictions:	$ 474,104	$ 739,841	$ (524,104)	$ 689,841
Purpose restrictions:				
Institutional strengthening	242,536	-	(142,558)	99,978
	$ 716,640	$ 739,841	$ (666,662)	$ 789,819

	2024			
	Net Assets With Donor Restrictions as of December 31, 2023	Contributions With Donor Restrictions in 2024	Net Assets Released from Restrictions in 2024	Net Assets With Donor Restrictions as of December 31, 2024
Time restrictions:	$ 653,463	$ -	$ (179,359)	$ 474,104
Purpose restrictions:				
Institutional strengthening	445,915	-	(203,379)	242,536
	$ 1,099,378	$ -	$ (382,738)	$ 716,640

11. Pension Plan

Cristosal participates in a defined contribution retirement plan under Internal Revenue Code Section 403(b). The Plan is administered by the Episcopal Church Lay Employees' Defined Contribution Plan (the "Plan"). The Plan allows for Cristosal to make an employer contribution equaling 5% of the eligible employee's annual base salary. In addition, Cristosal will match up to an additional 4% of the eligible employee's annual base salary provided that the employee contributes at least 4% on his or her own. Additional discretionary contributions, as determined by management, can also be made to the Plan. Total pension plan expense for the years ended December 31, 2025 and 2024 was $18,399 and $35,938.

12. Commitments and Contingencies

Operating Leases

Cristosal has a lease agreement for office space in El Salvador for a term of 3 years that commenced in July 2022 that expired in 2025.

Cristosal also has lease agreements for office space in Honduras and Guatemala for a term of 12 months that commenced in January 2024. Cristosal had a lease agreement for office space in Honduras for a term of 12 months that commenced in June 2023.

During the year ended December 31, 2025, Cristosal entered into three lease agreements with terms of 12 months in 2025 and elected the short-term lease recognition exemption under ASC 842 for leases with an initial term of 12 months or less. Accordingly, Cristosal did not recognize right-of-use assets or lease liabilities and recognized the related lease payments as lease expense.

Information regarding the expired El Salvador office lease follows:

ROU asset on the above lease as of December 31 is shown below:

	2025	2024
Right-of-use asset	$ 234,118	$ 234,118
Less: accumulated amortization	(234,118)	(193,706)
	$ -	$ 40,412
Weighted Average:		
Discount rate	0.00%	2.82%
Remaining lease term in years	0.00	0.50
Cash paid for amounts included in the measurement of operating lease liabilities	$ 40,800	$ 81,600

A breakdown of rent is as follows for the years ended December 31:

	2025	2024
Operating leases, included in rent	$ 40,650	$ 81,300
Variable lease payments, included in rent	3,975	7,949
Other short-term lease commitments, included in rent	75,558	57,000
	$ 120,183	$ 146,249

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Cristosal, Inc. and Consolidated Entities

Supplementary Information
December 31, 2025

Cristosal, Inc. and Consolidated Entities

Consolidating Statement of Financial Position
December 31, 2025

	Cristosal, Inc.	Izote S.A., DE C.V.	Grupo Logistico Matilisguate, Sociedad Anonima	Total	Eliminations	Consolidated
ASSETS						
Current Assets						
Cash and cash equivalents	$ 1,219,192	$ 20,697	$ 27,246	$ 1,267,135	$ -	$ 1,267,135
Short-term investments	1,137,161	-	-	1,137,161	(137,161)	1,000,000
Grants and contributions receivable	717,608	1,578	36,845	756,031	(4,317)	751,714
Prepaid expenses and other current assets	23,392	-	-	23,392	-	23,392
Cash advance - employees	3,086	-	-	3,086	-	3,086
Total Current Assets	3,100,439	22,275	64,091	3,186,805	(141,478)	3,045,327
Grants and contributions - non-current, net	466,592	-	-	466,592	-	466,592
Property and equipment, net	-	16,589	20,400	36,989	(16,589)	20,400
	$ 3,567,031	$ 38,864	$ 84,491	$ 3,690,386	$ (158,067)	$ 3,532,319
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts payable	$ 71,231	$ 1,880	$ 7,904	$ 81,015	$ (4,317)	$ 76,698
Other payables and accruals	4,317	-	-	4,317	-	4,317
Refundable advances	210,024	-	-	210,024	-	210,024
Total Current Liabilities	285,572	1,880	7,904	295,356	(4,317)	291,039
Net Assets						
Without donor restrictions	2,491,640	36,984	76,587	2,605,211	(153,750)	2,451,461
With donor restrictions	789,819	-	-	789,819	-	789,819
Total Net Assets	3,281,459	36,984	76,587	3,395,030	(153,750)	3,241,280
	$ 3,567,031	$ 38,864	$ 84,491	$ 3,690,386	$ (158,067)	$ 3,532,319

See independent auditors' report

Cristosal, Inc. and Consolidated Entities

Consolidating Statement of Activities
Year Ended December 31, 2025

	Cristosal, Inc.	Izote S.A., DE C.V.	Grupo Logistico Matilisguate, Sociedad Anonima	Total	Eliminations	Consolidated
REVENUE AND SUPPORT						
Grants and contributions	$ 4,216,877	$ -	$ -	$ 4,216,877	$ -	$ 4,216,877
Global school	9,585	-	-	9,585	-	9,585
Consulting income	22,431	-	-	22,431	-	22,431
Service income	-	85,148	90,641	175,789	(175,789)	-
Gain on sale of property and other income	20,505	38,667	-	59,172	12,798	71,970
Investment return	376	-	-	376	-	376
Total Revenue and Support	4,269,774	123,815	90,641	4,484,230	(162,991)	4,321,239
OPERATING EXPENSES						
Program expenses	2,079,887	-	-	2,079,887	(175,789)	1,904,098
Management and general	405,667	165,570	90,019	661,256	(21,134)	640,122
Fundraising	188,000	-	-	188,000	-	188,000
Total Expenses	2,673,554	165,570	90,019	2,929,143	(196,923)	2,732,220
Change in Net Assets	1,596,220	(41,755)	622	1,555,087	33,932	1,589,019
NET ASSETS						
Beginning of year	1,685,239	78,739	75,965	1,839,943	(187,682)	1,652,261
End of year	$ 3,281,459	$ 36,984	$ 76,587	$ 3,395,030	$ (153,750)	$ 3,241,280

See independent auditors' report