

The Citizens Foundation, USA

Financial Statements and Independent Auditors' Report
for the Year Ended December 31, 2025
(with comparative totals for 2024)



Tipton & Company

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Citizens Foundation, USA
Houston, Texas

Opinion

We have audited the accompanying financial statements of The Citizens Foundation, USA (a nonprofit organization) which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Citizens Foundation, USA 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 Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Citizens Foundation, USA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 Citizens Foundation, USA'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Citizens Foundation, USA'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

Report on Summarized Comparative Information

We have previously audited The Citizens Foundation, USA's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 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.

Tipton & Company LLC

Tipton & Company LLC
Certified Public Accountants
Houston, Texas

July 9, 2026

The Citizens Foundation, USA

Statement of Financial Position

As of December 31, (with comparative totals for 2024)	2025	2024
Assets		
Cash and cash equivalents	\$ 2,139,432	\$ 3,668,951
Grants and promises to give receivable, net of allowance	1,279,471	143,174
Other receivables	39,736	678
Prepaid Expense	42,350	-
Investments	4,999,801	5,330,141
Property and equipment, net	4,340	1,621
Total Assets	\$ 8,505,130	\$ 9,144,565
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 137,662	\$ 341,670
Accrued expenses	4,334	38,702
Total Liabilities	141,996	380,372
Net Assets		
Without donor restrictions	4,150,359	5,213,711
With donor restrictions	4,212,775	3,550,482
Total Net Assets	8,363,134	8,764,193
Total Liabilities and Net Assets	\$ 8,505,130	\$ 9,144,565

The Citizens Foundation, USA

Statement of Activities

Year Ended December 31, <i>(with comparative totals for 2024)</i>	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Public Support and Revenues				
Contributions	\$ 9,979,892	\$ 6,933,204	\$ 16,913,096	\$ 14,995,318
Grants	1,758,800	1,125,000	2,883,800	618,752
Contributed nonfinancial assets	47,183	-	47,183	30,375
Special events revenue	6,562,821	-	6,562,821	6,938,235
Cost to direct benefits to donor	(1,230,360)	-	(1,230,360)	(1,116,326)
Interest and investment income	204,476	-	204,476	267,165
Unrealized gain/(loss) on investments	53,782	-	53,782	41,510
Net assets released from restrictions	7,395,911	(7,395,911)	-	-
Total Revenues and Public Support	24,772,505	662,293	25,434,798	21,775,029
Expenses				
Program Services				
Campus Construction	4,584,821	-	4,584,821	3,311,989
Campus Operation	17,086,512	-	17,086,512	12,648,407
Scholarship Program	479,496	-	479,496	1,337,570
Endowment Grants	1,205,865	-	1,205,865	420,522
Total Program Services	23,356,694	-	23,356,694	17,718,488
Supporting Services:				
Management and general	496,900	-	496,900	553,635
Fundraising	1,982,263	-	1,982,263	1,799,512
Total Supporting Services	2,479,163	-	2,479,163	2,353,147
Total Expenses	25,835,857	-	25,835,857	20,071,635
Change in Net Assets	(1,063,352)	662,293	(401,059)	1,703,394
Net Assets, Beginning of Year	5,213,711	3,550,482	8,764,193	7,060,799
Net Assets, End of Year	\$ 4,150,359	\$ 4,212,775	\$ 8,363,134	\$ 8,764,193

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

The Citizens Foundation, USA

Statement of Functional Expenses

Year Ended December 31, (with comparative totals for 2024)	Program Services					Supporting Services			2025 Total	2024 Total
	Campus Construction	Campus Operation	Scholarship Program	Endowment Grants	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Grants Awarded										
School operation	\$ -	\$ 16,779,520	\$ -	\$ -	\$ 16,779,520	\$ -	\$ -	\$ -	\$ 16,779,520	\$ 12,609,188
School construction	4,520,425	-	-	-	4,520,425	-	-	-	4,520,425	3,255,219
Scholarships	-	-	472,099	-	472,099	-	-	-	472,099	1,331,146
School endowments	-	-	-	1,178,743	1,178,743	-	-	-	1,178,743	396,968
Vocational training grants	-	270,007	-	-	270,007	-	-	-	270,007	7,100
Total Grants Awarded	4,520,425	17,049,527	472,099	1,178,743	23,220,794	-	-	-	23,220,794	17,599,621
Salaries and Related Expenses										
Salaries and wages	52,843	34,463	6,893	25,273	119,472	353,815	813,315	1,167,130	1,286,602	1,109,363
Payroll taxes and benefits	3,866	2,522	504	1,849	8,741	25,888	59,509	85,397	94,138	89,739
Total Salaries and Related Expenses	56,709	36,985	7,397	27,122	128,213	379,703	872,824	1,252,527	1,380,740	1,199,102
Other Expenses										
Conference / seminar	-	-	-	-	-	-	25,000	25,000	25,000	15,219
Depreciation expense	-	-	-	-	-	1,826	-	1,826	1,826	1,933
Digital media	-	-	-	-	-	-	238,097	238,097	238,097	245,632
Donation processing and bank fee	-	-	-	-	-	4,448	272,111	276,559	276,559	233,352
Event meals and entertainment	-	-	-	-	-	-	616,847	616,847	616,847	444,968
Insurance	-	-	-	-	-	2,328	776	3,104	3,104	9,507
IT and software expenses	-	-	-	-	-	7,783	61,798	69,581	69,581	52,311
Marketing consultants	-	-	-	-	-	-	41,584	41,584	41,584	47,910
Marketing gala	-	-	-	-	-	-	109,952	109,952	109,952	60,672
Office expenses and supplies	-	-	-	-	-	8,504	117,725	126,229	126,229	214,125
Postage and deliveries	-	-	-	-	-	-	2,485	2,485	2,485	5,886
Printing	-	-	-	-	-	-	46,717	46,717	46,717	47,747
Professional fees	7,687	-	-	-	7,687	14,049	79,127	93,176	100,863	98,683
Promotional material	-	-	-	-	-	-	38,737	38,737	38,737	45,564
Rent and utilities	-	-	-	-	-	48,582	2,557	51,139	51,139	33,104
Travel	-	-	-	-	-	8,424	38,104	46,528	46,528	43,118
TV / radio ads	-	-	-	-	-	-	22,060	22,060	22,060	17,919
Uncollectible pledges	-	-	-	-	-	21,253	-	21,253	21,253	48,901
Venue	-	-	-	-	-	-	626,122	626,122	626,122	722,687
Total Other Expenses	7,687	-	-	-	7,687	117,197	2,339,799	2,456,996	2,464,683	2,389,238
Subtotal	4,584,821	17,086,512	479,496	1,205,865	23,356,694	496,900	3,212,623	3,709,523	27,066,217	21,187,961
Less: Direct benefit to donor	-	-	-	-	-	-	(1,230,360)	(1,230,360)	(1,230,360)	(1,116,326)
Total Expenses	\$ 4,584,821	\$ 17,086,512	\$ 479,496	\$ 1,205,865	\$ 23,356,694	\$ 496,900	\$ 1,982,263	\$ 2,479,163	\$ 25,835,857	\$ 20,071,635

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

The Citizens Foundation, USA

Statement of Cash Flows

Year Ended December 31, (with comparative totals for 2024)	2025	2024
Cash Flows From Operating Activities		
Change in net assets	\$ (401,059)	\$ 1,703,394
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,826	1,933
Realized and unrealized gains on investments	(53,782)	(41,510)
Changes in assets and liabilities:		
Grants and promises to give receivable	(1,136,297)	(40,417)
Other receivable	(81,408)	7,354
Accounts payable	(204,008)	210,218
Accrued expenses	(34,368)	34,368
Total Adjustments	(1,508,037)	171,946
Net Change in Operating Activities	(1,909,096)	1,875,340
Cash Flows From Investing Activities		
Additions of property and equipment	(4,545)	(1,419)
Net purchases/sales of investments	568,668	(5,019,097)
Dividends and interest reinvested, net of fees	(184,546)	267,165
Net Change in Investing Activities	379,577	(4,753,351)
Net Change in Cash and Cash Equivalents	(1,529,519)	(2,878,011)
Cash and Cash Equivalents, beginning of year	3,668,951	6,546,962
Cash and Cash Equivalents, end of year	\$ 2,139,432	\$ 3,668,951

The Citizens Foundation, USA

Notes to Financial Statements

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Citizens Foundation, USA (the Organization) was incorporated in May 2002 in the state of Illinois. The Organization, with a support network of volunteer chapters across the USA, supports the building of a civil society in Pakistan and promotes gender equality by providing quality scientific and balanced education for underprivileged children. The Citizens Foundation, USA directs programmatic initiatives to build, equip and operate schools.

The Organization's main programs are building schools, teacher training, mentorship, adult education, and higher education. The Organization is supported through contributions received from individuals, foundations, trusts and corporate institutions.

The Organization conducts the following programs:

Schools – The Organization's school units are established in urban slums and rural areas in 110 towns and cities across Pakistan and Azad Jammu & Kashmir with a balanced gender ratio; close to 50% female students. The Organization grants have created thousands of jobs, many of which are female faculty positions. School buildings are equipped with airy and fully furnished classrooms, an administrative block, a play area, library, computer labs and science labs, an art room and all essential facilities to provide students with a stimulating learning environment.

Teacher Training – The Organization recognizes that employees are the most important resource. The Organization is committed to training and developing the entire workforce, particularly school staff. The Organization's Training team works rigorously with school heads to empower them by developing their leadership and management skills. Concurrently, there are intensive sessions for the teachers ranging from content support across subjects, pedagogical approaches and assessment methods to early childhood education, character building and critical thinking.

Mentorship – Rahbar is a mentorship program aimed at the development of youth as responsible individuals and productive members of society. In line with this, the role of a Rahbar is to encourage the mentee to develop a positive thought process, a vision for his/her future, the plan to realize that vision and the capacity to deal with the failure that he/she will inadvertently confront on this journey. Mentors have included people employed in the corporate sector, housewives, lawyers, engineers, scientists, doctors, teachers & retired personnel – just about anyone who would like to make a meaningful difference in young lives.

Adult Education – Over the past eight years, the Organization has helped thousands of women become literate under its adult literacy program called Aagahi held at various schools of the Organization. The program is sponsored by National Foods Ltd., and is partnered with Literate Pakistan Foundation. Every year, thousands of women from local communities have learned basic Math and Urdu.

Higher Education – The Organization encourages children to pursue for higher education and believes that no child should ever be left behind in life due to his or her inability to avail opportunities that education offers. The Organization offers an Alumni Program and Scholarship Fund to provide guidance, advice and financial assistance to students every step of the way from admissions, to college entry tests to their choice of majors.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net

The Citizens Foundation, USA

Notes to Financial Statements

assets without donor restrictions and net assets with donor restrictions.

- *Net assets without donor restrictions* are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.
- *Net assets with donor restrictions* are resources that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. Donor-restricted endowment earnings are released when those earnings are appropriated with spending policies and are used for the specified purpose.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly-liquid investments with maturity dates of less than three months.

Grants and Promises to Give Receivable

Grants and promises to give receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in more than one year are discounted, if material, to estimate the present value of future cash flows. The Organization uses the allowance method to account for uncollectible grants and promises to give receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Investments

The Organization records investments at fair value. Investment income consists of interest and dividends, realized and unrealized gains and losses, net of investment expenses.

Property and Equipment

Property and equipment are stated at cost or fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and fixtures	5 years
Machinery and equipment	3-5 years
Intangible assets	5 years

Additions and betterments of \$500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

Grants and Contributions

Grants and contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted support. Conditional contributions are recognized in the same manner when the conditions are substantially met.

The Citizens Foundation, USA

Notes to Financial Statements

Contributed Nonfinancial Assets

Contributed nonfinancial assets are recognized at fair value when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (1) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Special Events Revenue

Special events revenue is the total amount paid by sponsors and attendees of an event and includes elements of both contributions and exchange transactions. Special events revenue is recognized when the event occurs. Direct benefit to donor represents the costs of goods and services provided to attendees of the special events.

Income Taxes

The Organization is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code ("Code") and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization did not conduct any unrelated business activities in the current fiscal year. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements.

The Organization applies the provisions of FASB ASC Topic 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Topic 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Functional Allocation of Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

The Citizens Foundation, USA

Notes to Financial Statements

NOTE 2 – CONCENTRATION OF CREDIT RISKS

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash and investments. All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount (\$250,000), for each deposit insurance ownership category. The Organization maintains cash balances at a national bank. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2025 and 2024, the Organization had approximately \$1,593,968 and \$2,578,573, respectively, of cash balances that were not insured by the FDIC. The Organization has not experienced any losses in such accounts and believes the risk of future loss is mitigated by monitoring the balances and the financial institutions where the cash is deposited.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year as of December 31, 2025, comprise the following:

Financial Assets:	
Cash and cash equivalents	\$2,139,432
Grants and promises to give receivable, net of allowance	1,279,471
Other receivables	39,736
Investments	4,999,801
Total financial assets	8,458,440
Less financial assets not available for general expenditure:	
Grants and promises to give receivable, due in one to five years	(900,000)
Board designated endowment	(712,315)
Donor restricted endowment	(75,000)
Financial assets available to meet cash needs for general expenditures within one year	\$6,771,125

The Organization's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance sheet date and amounts set aside for long-term investing in the endowment. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The Organization has sufficient liquid financial assets to fund general expenditure over the next 12-month period. As part of its liquidity management, cash in excess of daily requirements are invested in certificate of deposits in low-risk short term investments including certificate of deposits up to the amount insured by FDIC, securities issued by the US Government, Agencies, and investment-grade municipal bonds. Additionally, the Organization's Board can approve access to the board designated endowment if necessary.

The Citizens Foundation, USA

Notes to Financial Statements

NOTE 4 – GRANTS AND PROMISES TO GIVE RECEIVABLE

As of December 31, 2025 and 2024, grants and promises to give receivable are comprised of the following:

	2025	2024
Due within one year	\$ 418,089	\$183,619
Due in one to five years	900,000	-
Total grants and promises to give receivable, gross	\$1,318,089	\$183,619
Less: allowance for doubtful accounts	(38,618)	(40,445)
Total grants and promises to give receivable, net of allowance	\$1,279,471	\$143,174

Management concluded that the discount on grants and promises to give receivable is immaterial; accordingly, no discount has been recorded.

NOTE 5 – PROPERTY AND EQUIPMENT

As of December 31, 2025 and 2024, property and equipment consist of the following:

	2025	2024
Furniture and fixtures	\$ 2,494	\$ 2,494
Machinery and equipment	36,950	32,405
Intangible assets	3,000	3,000
Subtotal property and equipment	42,444	37,899
Less: accumulated depreciation	(38,104)	(36,278)
Total property and equipment, net	\$ 4,340	\$ 1,621

Depreciation expense charged to operations for the years ended December 31, 2025 and 2024 was \$1,826 and \$1,933, respectively.

NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

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

- (i) Level 1—Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- (ii) Level 2—Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

The Citizens Foundation, USA

Notes to Financial Statements

(iii) Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair value of investments at December 31, 2025 were as follows:

	Level 1	Level 2	Level 3	Total
Money market	\$4,150,454	-	-	\$4,150,454
Exchange-traded funds	41,150	-	-	41,150
Equity securities	516,496	-	-	516,496
Fixed income securities	-	291,701	-	291,701
Totals	\$4,708,100	\$291,701	-	\$4,999,801

Fair value of investments at December 31, 2024 were as follows:

	Level 1	Level 2	Level 3	Total
Money market	\$4,088,858	-	-	\$4,088,858
Exchange-traded funds	411,518	-	-	411,518
Equity securities	220,370	-	-	220,370
Fixed income securities	-	609,395	-	609,395
Totals	\$4,720,746	\$609,395	-	\$5,330,141

Valuation methods used for assets measured at fair value are as follows:

- *Money market funds* are valued at the reported net asset value.
- *Exchange-traded funds* and *equity securities* are valued at the closing price reported on the active market on which the individual securities are traded.
- *Fixed income securities* are valued using prices obtained from independent quotation bureaus that use computerized valuation formulas to calculate fair values.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

NOTE 7 – CONTRIBUTED NONFINANCIAL ASSETS

On May 1, 2020, the Organization entered into a month-to-month lease agreement for office space in Houston, Texas at a rental rate below fair market value. The contributed office space is used for administrative and fundraising activities. The fair value of the contributed use of space is estimated using market rental rates for comparable office space. Accordingly, the Organization recognized contributed nonfinancial assets and the related rent expense of approximately \$47,000 and \$30,000 for the years ended December 31, 2025 and 2024, respectively.

The Citizens Foundation, USA

Notes to Financial Statements

NOTE 8 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at December 31, 2025 and 2024 are comprised of the following:

	2025	2024
Net assets without donor-restriction or board designation	\$3,438,044	\$4,551,800
Board designated endowment funds	712,315	661,911
Total net assets without donor restrictions	\$4,150,359	\$5,213,711

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2025 and 2024 are restricted for the following purposes:

	2025	2024
Subject to expenditure for specified purpose:		
School construction, operation and scholarship	\$3,012,775	\$3,475,482
Subject to time restriction	1,125,000	-
Endowment subject to spending policy and appropriation:		
School construction and operation	75,000	75,000
Total net assets with donor restrictions	\$4,212,775	\$3,550,482

NOTE 10 – ENDOWMENT FUND

The Organization's endowment consists of investment funds established for supporting ongoing operations and maintenance of schools built in the area impacted by the 2005 earthquake in Pakistan. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

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Notes to Financial Statements

Investment and Spending Policy. The Organization has adopted investment policies, approved by the Board of Directors and Investment Committee, for endowment assets. The organization will invest only in low-risk, conservative investment vehicles in order to maintain the purchasing power of current assets and future contributions in relation to cost increases and inflation and maximize return within reasonable and prudent levels of risk. Investment assets are invested in a well-diversified asset mix, which includes equity and debt securities that are managed by the Organization's Investment Committee to prevent exposing the fund to unacceptable levels of risk.

With regards to returns on endowments, the Organization has adopted a spending policy which will apply to all endowed funds unless a particular donor has otherwise stipulated spending restrictions. The organization will not spend returns from the endowment if it falls below the original endowment amount. Management, with approval from the Investment Committee, has discretion over how and whether or not surplus returns are used.

Changes in endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Net Investment Return	Required to be Maintained in Perpetuity	
Endowment net assets, December 31, 2022	\$538,177	\$ -	\$75,000	\$613,177
Contributions	-	-	-	-
Net investment return	77,522	-	-	77,522
Amounts appropriated for expenditure	-	-	-	-
Endowment net assets, December 31, 2023	\$615,699	\$ -	\$75,000	\$690,699
Contributions	-	-	-	-
Net investment return	46,212	-	-	46,212
Amounts appropriated for expenditure	-	-	-	-
Endowment net assets, December 31, 2024	\$661,911	\$ -	\$75,000	\$736,911
Contributions	-	-	-	-
Net investment return	50,404	-	-	50,404
Amounts appropriated for expenditure	-	-	-	-
Endowment net assets, December 31, 2025	\$712,315	\$ -	\$75,000	\$787,315

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 9, 2026. the date the financial statements were available to be issued. No events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.