CHRISTEL HOUSE DE MÉXICO A.C.

Financial Statements for the Years Ended

December 31, 2024 and 2023

With Independent Auditor's Report

(Figures Expressed in Mexican Pesos)

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INDEPENDENT AUDITOR´S REPORT

to the Board of directors of

CHRISTEL HOUSE DE MÉXICO, A.C.:

Opinion

We have audited the accompanying financial statements of Christel House de México, A.C. (the Association), which comprise the statements of their financial position as of December 31, 2024 and 2023, and the corresponding statement of activities and cash flows for the years ended on those dates, and the related notes to the financial statements summarizing the significant accounting policies and additional information.

In our opinion, the accompanying financial statements reasonably present the financial position of Christel House de México, A.C. as of December 31, 2024 and 2023, as well as its statements of activities and its cash flows, for the years then ended, in accordance with the Mexican Financial Reporting Standards (NIF).

Basis for the opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are described below in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the Code of Professional Ethics of the Mexican Institute of Public Accountants, A. C. (Code of Professional Ethics) together with the ethics requirements that are applicable to our audits of the financial statements in Mexico, and we have fulfilled our other ethics responsibilities in accordance with those requirements and the Code of Professional Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities and those charged with governance of the Entity in relation to the financial statements.

The Association’s Management is responsible for the preparation and fair presentation of the accompanying financial statements in accordance with the Mexican Financial Reporting Standards, and for the internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement due to fraud or error.

The Association’s Management is responsible for evaluating their ability to continue as a going concern, disclosing issues related to its functionality and using the accounting standard, corresponding as a going concern, except if the management intends to liquidate the Association, or when there is no other realistic alternative. Those in charge of the governance of the Association are responsible for supervising its financial reporting process.

Those charged with governance of the Entity are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibility for the audit of the financial statements.

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, due to fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. The inaccuracies may be due to fraud or error and they are considered material if individually, or as a whole, it can be reasonably foreseen that they influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with International Standards on Auditing, we apply our professional judgment and we maintain an attitude of professional skepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, we design and apply audit procedures to respond to those risks and obtain sufficient and appropriate audit evidence to obtain the basis of our opinion.

- The risk of not detecting a material misstatement of fraud is greater than any other material misstatement, since fraud may involve collusion, falsification, intentionally erroneous statements, intentional omissions or the nullification of internal control.

- We obtain knowledge of the internal control relevant to the audit, in order to design the audit procedures that we consider appropriate under certain circumstances, and not in order to express an opinion on the effectiveness of the Association's internal control.

- We evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates, as well as the disclosures made by the Association's management.

- We conclude on the appropriateness of the administration's use of the accounting bases applicable to the Association and, based on the audit evidence obtained, we conclude on whether or not there is a significant uncertainty related to events or conditions that may cause significant doubts on the Association's ability to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the relevant information disclosed in the financial statements or, if such disclosure is insufficient, to express a modified opinion. Our conclusions are based on the audit evidence obtained to date in our report. However, future events or conditions may cause the Association to cease the going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance of the Entity, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the course of the audit.

GAMMOS CONTADORES Y ABOGADOS, S.C.

Ricardo Molina Sánchez, Lead Auditor
Mexico City, July 04, 2025.

CHRISTEL HOUSE DE MÉXICO, A.C.

Statements of Financial Position

December 31, 2024 and December 31, 2023

(Figures expressed in Mexican pesos)

Assets	**2024**	**2023**
Current assets:		
Cash and cash equivalents (note 4)	$ 161,354,506	$ 139,674,457
Other accounts receivable	69,735	266,042
Inventory	611,095	-
Advance payments	696,988	643,622
Current asset total	162,732,324	140,584,121
Non current assets		
Properties and equipment, and right to use of leased property, net (note 5)	16,029,390	26,281,486
Guarantee deposit	758,333	883,171
Total non current assets	16,787,723	27,164,657
Total assets	$ 179,520,047	$ 167,748,778

Liability and net assets	**2024**	**2023**
Current operating liability		
Other accounts payable	$ 86,860	$ 182,379
Payroll Withholding Tax	2,621,525	2,846,917
Direct benefits to employees (note 7)	1,639,172	1,590,520
Lease liability (note 6)	7,920,000	7,920,000
Total current liability	12,267,557	12,539,816
Non current liability		
Lease liability (note 6)	1,980,000	9,900,000
Net liability for defined benefits to employees (note 7)	11,137,600	10,191,147
Total non current liability	13,117,600	20,091,147
Total liability	25,385,157	32,630,963
Net Assets (note 8):		
Accumulated net assets	135,117,815	134,323,234
Net changes in net assets for the year	19,017,075	794,581
Total net assets	154,134,890	135,117,815
Total liabilities and net assets	$ 179,520,047	$ 167,748,778

Attached notes are part of the financial statements

CHRISTEL HOUSE DE MÉXICO, A.C.

Statements of Activities

December 31, 2024 and 2023

(Figures expressed in Mexican pesos)

	2024	2023
Revenue:		
Received donations in cash	$ 79,697,510	$ 75,327,679
Received donations in kind	1,191,203	1,011,636
Received donations in events	59,820	158,228
Revenue for donations	80,948,533	76,497,543
Return on investment of financial instruments	19,794,597	7,729,209
Other revenue	88,082	38,939
Total revenue	100,831,212	84,265,691
Expenses:		
Programs related expenses	79,236,608	81,209,501
Administrative expenses	2,577,529	2,261,609
Net change in net assets for the year	19,017,075	794,581
Net assets at the beginning of the year	135,117,815	134,323,234
Net assets at the end of the year	$ 154,134,890	$ 135,117,815

Attached notes are part of the financial statements

CHRISTEL HOUSE DE MÉXICO, A.C.

Cash Flow Statements

December 31, 2024 and 2023

(Figures expressed in Mexican pesos)

	2024	2023
Collections of donations	$ 79,757,330	$ 75,485,907
Payments to suppliers for goods and services	(20,554,238)	(14,485,188)
Payments of salaries and benefits	(48,604,829)	(54,591,825)
Net increase (decrease) in cash from operating activities	10,598,263	6,408,894
Acquisition of property and equipment	(511,821)	(1,635,441)
Interest income and other income	19,882,679	7,768,148
Net increase in cash from investing activities	19,370,858	6,132,707
Payments of lease	(8,289,072)	(7,920,000)
Net decrease in cash from financial activities.	(8,289,072)	(7,920,000)
Net increase (decrease) in cash for the year	21,680,049	4,621,601
Cash at beginning of the year	139,674,457	135,052,856
Cash at end of the year	$ 161,354,506	$ 139,674,457

Attached notes are part of the financial statements

CHRISTEL HOUSE DE MÉXICO, A.C.
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED AT DECEMBER 31, 2024 AND 2023
(Figures expressed in Mexican pesos)

1. Activities

Christel House de México, A.C., (the Association) is a non-profit organization, constituted under Mexican laws located in Mexico City. The mission of Christel House is to help children around the world break the cycle of poverty, realize their hopes and dreams and become self-sufficient, contributing members of society. A Christel House Learning Center is a place for children to grow, to develop and to achieve dignity and success. It is a place where children learn the values of respect, responsibility, independence and integrity, develop a love of learning and maximize their human potential.

Christel House is a holistic model. We don’t just educate, or feed, or provide health care-we do all of these things-from early childhood through early adulthood. We develop the “whole child”.

2. Basis of presentation

a) Compliance Statement

The accompanying financial statements were prepared in accordance with the accounting criteria for non-profit entities in Mexico established by the Financial Reporting Standards (NIF) effective at the date of the financial statements.

b) Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the recorded amounts of income and expenses during this exercise. Actual results may differ from these estimates and assumptions.

c) Functional and information currency

The aforementioned financial statements are presented in Mexican pesos reporting currency, which is equal to the recording currency and its functional currency.

3. Summary of the main accounting policies

The accounting policies shown below have been applied uniformly in the preparation of the financial statements presented and have been consistently applied by the Association.

a) Improvements to FRS effective as of January 1, 2024

NIF A-1, Conceptual framework of the Financial Reporting Standards - The treatment of public interest entities is modified and integrated. NIF C-6, Property, plant and equipment -It is clarified that this NIF applies to producing biological assets, but not to the products obtained from them.

NIF D-6, Capitalization of the comprehensive financing result - The valuation of biological assets is clarified.

NIF D-4 Income Taxes - The following paragraphs are added:

Paragraph 28B

In certain cases, income tax is payable at a rate higher or lower than the rate enacted and established in current tax provisions, when part or all of the net income or retained earnings are paid as dividends. In other cases, income tax may be refunded or paid if some or all of the net income or retained earnings are paid as dividends. In these circumstances, current and deferred tax assets and liabilities should be determined at the rate that will be applicable to undistributed earnings for the period when paid as dividends in future periods.

Paragraph 36B

In the circumstances described in paragraph 28B, an entity shall disclose the nature and estimated amount of the potential income tax consequences that would arise if dividends were paid.

The Administration estimates that the adoption of this new NIF will not generate significant effects.

b) Recognition of inflation effects

The accompanying financial statements were prepared in accordance with the Financial Reporting Standard (NIF) effective from the date of the balance sheet. As of 2008, the recognition of inflationary effects was suspended, because the Entity operates in a non-inflationary economic environment.

The cumulative inflation percentage for the three annual periods prior to December 31, 2024 and 2023, are indicated below:

December 31,	National Consumer Price Index (INPC)	Inflation	Accumulated
2024	137.949	4.21%	17.60%
2023	132.373	4.66%	21.14%
2022	126.478	7.82%	19.39%

c) Cash and Cash Equivalents

It is mainly represented by bank deposits in checking accounts and investments in daily values with immediate availability exposed to insignificant risks of changes of value. Cash is presented at nominal value and the equivalents at fair value; fluctuations in value are recognized in profit or loss under general expenses. Cash equivalents are represented mainly by investments in government and private short-term debt instruments and in national equity investments.

The Association has cash available and temporarily restricted for the Patrimonial Fund and other activities.

d) Net Assets

Net assets are classified according to the restrictions that donors established in donated assets.

e) Donations received

Donations are income that increase book equity when contributions are received in cash, assets or canceled liabilities.

Donations received in assets are recognized in the financial statements at their fair value. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other restricted donor support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Services received as donations are not recognized in the financial statements but are taken into consideration in the notes section.

f) Advanced Payments

They are initially valued at the amount of cash or equivalent paid, when the advance payments lose their ability to generate future economic benefits, the amount that is considered non-recoverable is treated as an impairment loss and is recognized in the results of the period in which this occurs.

g) Property, plant and equipment and and right to use of leased property

They are recorded at their acquisition cost. The fixed assets that come from acquisitions made between January 1, 1997 and December 31, 2007 were updated by applying factors derived from the Consumer Price Index (INPC) up to that date. Depreciation is calculated using the straight-line method based on the remaining useful life of the assets, with the following depreciation rates:

	Depreciation rate	
Concept	**2 0 2 4**	**2 0 2 3**
Furniture and equipment	14%	14%
Hardware	20%	20%
Software	33%	33%
Transport equipment	33%	33%
Musical instruments	14%	14%
Rights of use of leased property	10%	10%

The rights of use of leased property derive from the lease contracts of the property where the entity's offices are located. The recording of the assets is recognized in relation to the duration of the contract, considering as value the amount of the total rent to be paid for the duration of the lease contract and is depreciated monthly for the number of periods that the contract is in force.

***h*) Impairment of long-lived assets**

The Association periodically reviews the book value of long-lived assets in use, to determine the existence of any indication of impairment that could cause the book value to be unrecoverable.

The signs of impairment that are considered to determine any possible loss are: operating losses or effects of obsolescence. In the event of an impairment loss and its reversal, they are presented in the income statement in the lines where the depreciation and amortization of the associated assets are recognized.

i) Employee benefits:

Direct employee benefits - They are valued in proportion to the services rendered, considering current salaries and the liability is recognized as they accrue. It mainly includes productivity bonus, annual Christmas bonus (Aguinaldo), paid vacation days and bonus.

Employee benefits for termination, retirement and others - The liability for seniority premiums, pensions, and termination benefits are recorded as accrued, which is calculated by independent actuaries based on the projected unit credit method using nominal interest rates.

Remuneration at the end of the employment relationship, for reasons other than restructuring, are presented in the results as part of ordinary operations, in expenses.

j) Provisions

They are recognized when you have a present obligation as a result of a past event, that is likely to generate an outflow of economic resources and that can be reasonably estimated.

k) Contingencies

The significant obligations or losses related to contingencies are recognized when their effects are likely to materialize and there are reasonable elements for their quantification. Income, profits or contingent assets are recognized when there is certainty of their realization.

4. Cash and cash equivalents

As of December 31, it is composed as follows:

Concepto	2 0 2 4	2 0 2 3
Unrestricted cash and bank deposits	$ 10,327,844	$ 4,841,046
Cash restricted	151,026,662	134,833,411
	$ 161,354,506	$ 139,674,457

The restricted cash is invested in low-risk short-term debt instruments at Finaccess México, S.A. de C.V. and at SURA Investment Management México, S.A. de C.V .

As of December 31, the restricted cash corresponds to $136,520,453 from the profit and interest of the sale of the property owned by the Association in 2017, as well as $ 7,009,177 of temporarily restricted cash from donations from various donors for investment in specific programs and $7,497,032 of temporarily restricted cash.

5. Property and equipment and rights to use leased assets

As of December 31, they are integrated as follows:

Concepto	2 0 2 4	2 0 2 3
Adaptations in leased premises	$ 15,461,744	$ 15,399,441
Furniture and office equipment	5,823,738	6,082,721
Transportation equipment	274,500	274,500
Hardware	6,898,722	7,316,041
Software	19,117	580,559
Musical instruments	195,753	20,140
Rights of use of leased property	51,148,333	51,148,333
Accumulated depreciation	(63,792,517)	(54,540,249)
	$ 16,029,390	$ 26,281,486

The amount of depreciation recorded in results in 2024 and 2023 is $10,763,919 and $11,007,793 respectively.

The usage rights of the leased assets of the entity correspond to the property located at Calle Rufina No. 40, Tacubaya neighborhood, which began to be leased on April 1, 2016 to Fundación Luz Saviñón, I.A.P., at a monthly rate of $500,000 for a term of five years. The lease commitment was from April 2016 to March 2022. On April 1, 2022, the lease agreement was renewed with an effective term through March 31, 2026, at a monthly lease rate of $758,333.33. According to the agreement, the rental amount is increased annually based on inflation.

The present value of the rent used to determine the property's value is calculated using the original annual amount of $5,500,000 up to March 31, 2022, and from April 1, 2022 onward, the amount of $9,100,000 is considered, incorporating the investment made by Christel House in the property, pursuant to the same agreement.

On July 6, 2022, an amendment agreement to the lease contract mentioned above was signed, whereby a 50% reduction in the rental amount for the months of July, August, September, and October 2022 was agreed upon. Thus, the rent for those months amounted to $379,166.50.

On December 12, 2022, another amendment agreement to the lease contract was signed, establishing a reduction in the monthly rent to $660,000, totaling $7,920,000 annually. This amount will be paid from January to December 2024, with the next inflation-based adjustment set for January 1, 2025.

The value of the property for the lease term under the renewed agreement of April 1, 2022 is $45,500,000. In accordance with the recognition adjustment under NIF D5, we have recorded under fixed assets, "classified under 'Right-of-Use Assets'" the total lease value of the new contract as an addition to the $12,000,000 of the previous agreement. We have also accounted for a reduction of $2,516,667 ($1,516,667 and $1,000,000 corresponding to fiscal years 2022 and 2021, respectively) due to rental discounts applied under the agreement (as a result of the Covid-19 pandemic), resulting in a closing asset value of $54,983,333 in 2021. In 2022, based on the rental reduction mutually agreed upon to take effect in January 2023, the property value was adjusted by $3,835,000, reflecting a net discount of $98,333.33 per month for the remaining 39 months of the contract, resulting in a net balance of $51,148,333 at the close of 2023 and 2024.

The movements of fixed assets at the beginning and at the end of the 2024 and 2023 fiscal year are shown as follows:

	BALANCE AS OF DECEMBER 31, 2023	**ADDITIONS**	**RETIREMENT / DISCOUNTS**	**BALANCE AS OF DECEMBER 31, 2024**
Adaptations to leased premises	$ 15,399,441	$ 62,303		$ 15,461,744
Furniture and office equipment	6,082,721	177,770	436,753	5,823,738
Transportation Equipment	274,500			274,500
Hardware	7,316,041	96,135	513,454	6,898,722
Software	580,559		561,442	19,117
Musical Instruments	20,140	175,613		195,753
Rights of use of leased property	51,148,333			51,148,333
Total investment	80,821,735	511,821	1,511,649	79,821,907

Depreciation:	BALANCE AS OF DECEMBER 31, 2023	RETIREMENT / DISCOUNTS	DEPRECIATION FOR THE FISCAL YEAR	BALANCE AS OF DECEMBER 31, 2024
Adaptations to leased premises	10,090,890		1,543,735	11,634,625
Furniture and office equipment	5,411,980	436,754	139,348	5,114,574
Transportation equipment	274,500			274,500
Hardware	4,842,283	513,457	1,125,195	5,454,021
Software	572,123	561,441	6,373	17,055
Musical instruments	20,140		29,269	49,409
Rights of use of leased property	33,328,333		7,920,000	41,248,333
	54,540,249	1,511,652	10,763,920	63,792,517
Net Investment	$ 26,281,486			$ 16,029,390

6. Lease liability

As of December 31, the debt of the lease liability is as shown as follows:

CONCEPT	2024	2023
Total amount of lease liabilities.	$ 9,900,000	$ 17,820,000
Less: Short-term liabilities	7,920,000	7,920,000
Long-term lease liability	$ 1,980,000	$ 9,900,000

The relative liability is payable as show as follows:

	2024	2023
Maturity Analysis (Expiration Analysis)		
2024		7,920,000
2025	7,920,000	7,920,000
2026	1,980,000	1,980,000
Long-term lease liability	$ 9,900,000	$ 17,820,000

Inflation expense on the lease liability, during the years ended December 31, 2024 and 2023 was $369,072 and $0, respectively.

7. Employee benefits

a) Direct benefits to short-term employees.

As of December 31, it is made up as show as follow:

CONCEPT	2024	2023
Productivity bonus	$ 1,639,172	$ 1,590,520

b) Net liability for defined benefits to employees.

For the years ended December 31, 2024 and 2023, the net cost of the period, defined benefit obligations and plan assets, related to post-employment plans, are integrated on the following page:

- Changes in net liability (asset) for defined benefits, as follows,

CONCEPT	2024 Retirement	2024 Termination	2024 Total
Integration of the net cost for the period 2024:			
Net liability (net asset) for defined benefits at the beginning of the period **2024**	$ 507,389	9,683,760	$10,191,149
Net cost for the period 2024	(618)	947,069	946,451
Net liability (net asset) for defined benefits at the end of the period **2024.**	$ 506,771	10,630,829	$ 11,137,600

8. Net Assets

The Association's net assets are made up of the contributions (donations received) and the remnants that have been generated during the operation, which is not subject to withdrawal or reimbursement.

The restricted equity is integrated as follows:

CONCEPT	Amount	Constraint Type
Capital Campaign LMA	$ 7,497,032	Temporary
Charles and Lucile King Family Foundation	4,849,865	Temporary
MALCOLM	2,031,312	Temporary
NOKIA OPERATIONS DE MEXICO	128,000	Temporary
Reinvestment of profit from sale of Property	136,520,453	Temporary
Restricted net assets	$ 151,026,662	
Unrestricted net assets	3,108,228	
Net Equity	$ 154,134,890	

Upon the dissolution and liquidation of the Association, any remaining net assets shall be fully transferred to institutions authorized to receive tax-deductible donations pursuant to Article 82 of the Mexican Income Tax Law (ISR)."

9. Related Parts

As of December 31, 2024 and 2023, the balances with related parties are integrated as follows:

CONCEPT	2024	2023
Contributions and revenue:		
Christel House International Inc.	$ 55,776,330	$ 48,679,960

CONCEPT	2024	2023
Expenses paid by CHI Christel House International Inc.	$ 26,019	$ 231,799

10. Analysis of operating expenses and by program.

As of December 31, 2024 and 2023, the operating expenses are integrated as show as follows.

Expense	Balance as of December 31, 2024	Balance as of December 31, 2023
Salaries and benefits	51,677,128	$ 53,975,146
External services - fees	1,971,476	1,985,930
Materials and supplies	3,383,859	3,027,566
Laboratories and medical supplies	104,779	192,518
Nutritional Support	6,449,785	5,945,103
Advertising	380,233	573,341
Travel expenses	60,418	915
Transportation expenses	37,732	59,749
Repair and Maintenance	3,442,258	3,099,797
Other expenses	3,173,477	3,603,252
Inflation for rights of use of leased property	369,072	-
Depreciation for use rights of leased property	7,920,000	7,920,000
Depreciation of property and equipment	2,843,919	3,087,793
Total	81,814,136	$ 83,471,110

The expenses per program as of December 31, 2024 and 2023 are integrated as show as follows:

Program	Balance as of December 31, 2024	Balance as of December 31, 2023
Elementary school	$ 27,003,550	$ 26,374,155
Upper School	12,902,059	12,635,129
High school	12,688,059	12,368,704
Health	7,483,332	7,047,472
Psychopedagogy	1,684,750	1,780,990
College & Career	3,155,498	2,745,623
Community	938,934	915,050
Expansion Program	1,271,722	1,677,089
Global Projects Program	20,672	4,048,674
Fundraising expenses	9,244,113	8,528,822
Administrative and financial expenses	2,577,528	2,261,609
Depreciation of property and equipment	2,843,919	3,087,793
Total	$ 81,814,136	$ 83,471,110

The depreciation for rights to use the leased property for $ 7,920,000 is distributed among the elementary, middle and high school programs.

11. Fiscal environment

a) Authorization

The Association is duly authorized to receive tax-deductible donations in accordance with the provisions of the Mexican Income Tax Law (ISR), as published in the Official Gazette of the Federation on January 11, 2024.

All revenue and assets of the Association are strictly allocated to fulfilling the organizational purposes for which it was established, pursuant to Article 82 of the Income Tax Law.

b) Income Tax (ISR - Impuesto sobre la renta)

The Association is classified as a non-income-tax-paying legal entity pursuant to Article 79, Section VI of the applicable Income Tax Law.

Article 79, second paragraph – Proof of Expenditures: The prior exception was repealed, requiring authorized donee organizations to treat expenditures not supported by tax-compliant documentation or not settled through banking methods—where the amount exceeds $2,000 pesos—as taxable fictitious distributable surplus subject to ISR.

Article 80 – Loss of Authorization to Receive Deductible Donations: Legal entities authorized to receive ISR-deductible donations will lose such authorization if they generate income from activities unrelated to their approved purpose and such income exceeds 50% of total annual revenues.

Furthermore, in the event that the entity does not regain its authorization within twelve months following its revocation, it will be required to transfer all of its assets to another authorized donee entitled to receive deductible donations.

12. Commitments

On April 1, 2021, the Association entered into a lease agreement for the premises housing its administrative offices and school facilities. The lease carries a mandatory term of five years, with a monthly rental fee of $758,333.33, subject to annual adjustments based on inflation. The inflation adjustment is calculated by dividing the National Consumer Price Index (INPC) published in the month prior to the most recent increase by the INPC for March of the preceding year.

On December 12, 2023, an amendment to the lease agreement was executed, whereby both parties agreed to reduce the monthly rent to $660,000, effective from January 1, 2024 through December 31, 2024. Beginning January 2024, the rent will resume annual adjustments indexed to inflation.

13. New accounting Standards

Implementation of Financial Reporting Standards – Effective January 1, 2024
As of January 1, 2024, certain provisions of the Mexican Financial Reporting Standards (NIFs), along with improvements to existing standards issued by the Mexican Financial Reporting Standards Board (CINIF), became effective. The principal changes potentially applicable to the Entity are summarized below:

- **NIF A-1 – Conceptual Framework**
  Improvement: Requires more entity-specific accounting disclosures.
  Impact: Enhances the clarity and relevance of financial statements.
- **NIF B-2 – Statement of Cash Flows**
  Improvement: Introduces new guidance on supplier financing arrangements (reverse factoring).
  Impact: Provides greater insight into liquidity and cash flow dynamics.
- **NIF B-15 – Foreign Currency Translation**
  Improvement: Establishes clearer guidelines for handling non-exchangeable currencies.
  Impact: Supports financial reporting in environments with foreign exchange controls.
- **NIF B-3 – Statement of Comprehensive Income**
  Improvement: Requires presentation of discounts, rebates, and returns as net revenue.
  Impact: Streamlines revenue presentation.
- **NIF C-3 – Accounts Receivable**
  Improvement: Aligns presentation of discounts and returns with NIF D-1.
  Impact: Improves consistency in accounts receivable disclosures.
- **NIF C-6 – Property, Plant, and Equipment**
  Improvement: Eliminates use of special depreciation methods.
  Impact: Promotes transparency in depreciation methodology selection.
- **NIF C-9 – Provisions and Contingencies**
  Improvement: Contingent assets may only be recognized when virtually certain.
  Impact: Reinforces a conservative and prudent recognition approach.
- **NIF C-19 – Financial Liabilities**
  Improvement: Establishes new criteria for derecognition of liabilities settled through electronic payments.
  Impact: Aligns accounting practices with modern digital payment systems.
- **NIF C-20 – Financial Assets**
  Improvement: Introduces disclosure requirements for instruments containing contingent clauses.
  Impact: Improves transparency regarding cash flow risks.
- **NIF D-1 – Revenue from Contracts with Customers**
  Improvement: Expands scope to include insurance-like contracts.
  Impact: Enhances alignment with international revenue recognition principles.

2025 Improvements to Mexican Financial Reporting Standards (NIFs)

In December 2024, the Mexican Financial Reporting Standards Board (CINIF) issued the document titled *“2024 Improvements to Financial Reporting Standards,”* outlining specific modifications to existing NIFs. These changes do not result in accounting adjustments to the annual financial statements.

14. Authorization to issue the Financial Statements

On July 4, 2025, Mr. Javier Alarcón, Executive Director of the Association, authorized the issuance of the accompanying financial statements and related notes. Pursuant to the applicable provisions of the Federal Civil Code, he retains the authority to amend such statements if deemed necessary.

These notes form an integral part of the financial statements of CHRISTEL HOUSE DE MÉXICO, A.C. as of and for the years ended December