

CHRISTEL HOUSE DE MÉXICO A.C.

Financial Statements for the Years Ended

December 31, 2025 and 2024

With Independent Auditor's Report

(Figures Expressed in Mexican Pesos)

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES	3
STATEMENT OF CASH FLOWS	4
NOTES TO THE FINANCIAL STATEMENTS	5



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, 2025 and 2024, 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, 2025 and 2024, 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, June 29, 2026.

CHRISTEL HOUSE DE MÉXICO, A.C.

Statements of Financial Position

December 31, 2025 and December 31, 2024

(Figures expressed in Mexican pesos)

Assets	2025	2024	Liability and net assets	2025	2024
Current assets:			Current operating liability		
Cash and cash equivalents (note 4)	\$ 153,314,446	\$ 161,354,506	Other accounts payable	\$ 140,272	\$ 86,860
Other accounts receivable	169,631	69,735	Payroll Withholding Tax	3,329,718	2,621,525
Inventory	205,478	611,095	Direct benefits to employees (note 7)	1,758,854	1,639,172
Advance payments	8,668,265	696,988	Lease liability (note 6)	8,697,589	7,920,000
			Total current liability	13,926,433	12,267,557
Current asset total	162,357,820	162,732,324			
			Non current liability		
Non current assets			Lease liability (note 6)	38,066,340	1,980,000
			Net liability for defined benefits to employees (note 7)	13,357,561	11,137,600
Properties and equipment, and right to use of leased property, net (note 5)	105,964,896	16,029,390	Total non current liability	51,423,901	13,117,600
Guarantee deposit	6,183,333	758,333	Total liability	65,350,334	25,385,157
Total non current assets	112,148,229	16,787,723	Net Assets (note 8):		
			Accumulated net assets	154,134,890	135,117,815
			Net changes in net assets for the year	55,020,825	19,017,075
			Total net assets	209,155,715	154,134,890
Total assets	\$ 274,506,049	\$ 179,520,047	Total liabilities and net assets	\$ 274,506,049	\$ 179,520,047

Attached notes are part of the financial statements

CHRISTEL HOUSE DE MÉXICO, A.C.

Statements of Activities

December 31, 2025 and 2024

(Figures expressed in Mexican pesos)

	2 0 2 5	2 0 2 4
Revenue:		
Received donations in cash	\$ 136,548,450	\$ 79,697,510
Received donations in kind	829,859	1,191,203
Received donations in events	53,923	59,820
Revenue for donations	<u>137,432,232</u>	<u>80,948,533</u>
 Return on investment of financial instruments	 12,154,915	 19,794,597
Other revenue	23,205	88,082
Total revenue	<u>149,610,353</u>	<u>100,831,212</u>
 Expenses:		
Programs related expenses	91,670,768	79,236,608
Administrative expenses	2,918,760	2,577,529
Net change in net assets for the year	<u>55,020,825</u>	<u>19,017,075</u>
 Net assets at the beginning of the year	 <u>154,134,890</u>	 <u>135,117,815</u>
 Net assets at the end of the year	 <u><u>\$ 209,155,715</u></u>	 <u><u>\$ 154,134,890</u></u>

Attached notes are part of the financial statements

CHRISTEL HOUSE DE MÉXICO, A.C.

Cash Flow Statements

December 31, 2025 and 2024

(Figures expressed in Mexican pesos)

	2 0 2 5	2 0 2 4
Collections of donations	\$ 136,602,373	\$ 79,757,330
Payments to suppliers for goods and services	(38,774,072)	(20,554,238)
Payments of salaries and benefits	(53,349,839)	(48,604,829)
Net increase (decrease) in cash from operating activities	44,478,462	10,598,263
Acquisition of property and equipment	(55,765,804)	(511,821)
Interest income and other income	12,178,120	19,882,679
Net increase in cash from investing activities	(43,587,684)	19,370,858
Payments of lease	(8,930,838)	(8,289,072)
Net decrease in cash from financial activities.	(8,930,838)	(8,289,072)
Net increase (decrease) in cash for the year	(8,040,060)	21,680,049
Cash at beginning of the year	161,354,506	139,674,457
Cash at end of the year	\$ 153,314,446	\$ 161,354,506

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, 2025 AND 2024
(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.

Christel House prepares graduates to achieve upward economic mobility, demonstrate good citizenship, and become empowered to identify and realize their goals, dreams, and human potential.

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, 2025

- **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.
- 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, 2025 and 2024, are indicated below:

December 31,	National Consumer Price Index (INPC)	Inflation	Accumulated
2025	143.042	3.69%	13.10%
2024	137.949	4.21%	17.60%
2023	132.373	4.66%	21.14%

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:

Concept	Depreciation rate	
	2 0 2 5	2 0 2 4
Buildings	5%	-
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 5	2 0 2 4
Unrestricted cash and bank deposits	\$ 2,700,608	\$ 10,327,844
Cash restricted	150,613,838	151,026,662
	<u>\$ 153,314,446</u>	<u>\$ 161,354,506</u>

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 \$138,960,947 from the profit and interest of the sale of the property owned by the Association in 2017, as well as \$3,416,465 of temporarily restricted cash from donations from various donors for investment in specific programs and \$8,236,426 of temporarily restricted cash.

5. Property and equipment and rights to use leased assets

As of December 31, they are integrated as show on the following page:

Concepto	2 0 2 5	2 0 2 4
Buildings	\$ 34,101,766	\$ -
Adaptations in leased premises	15,710,881	15,461,744
Furniture and office equipment	5,970,397	5,823,738
Transportation equipment	274,500	274,500
Hardware	8,579,906	6,898,722
Software	131,117	19,117
Musical instruments	243,885	195,753
Rights of use of leased property	95,932,262	51,148,333
Accumulated depreciation	(74,406,744)	(63,792,517)
	86,537,970	16,029,390
Land	19,426,926	-
	<u>\$ 105,964,896</u>	<u>\$ 16,029,390</u>

The amount of depreciation recorded in results in 2025 and 2024 is \$10,614,226 and \$10,763,919 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, 2027, 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.

On April 1, 2026, the lease agreement was renewed for a five-year term ending on March 31, 2031. The monthly rent under this agreement is \$746,398.81, subject to annual adjustments based on the inflation rate for each fiscal year.

The total value of the lease term, in accordance with the contract renewed on April 1, 2026, amounts to \$38,066,340. For purposes of the adjustment resulting from the adoption of NIF D-5, we recognized, within fixed assets under the caption "Right-of-Use Assets," the total lease payments under the new contract as an addition to the remaining balance of the contract in effect as of March 31, 2026, resulting in a total amount of \$46,763,929 agreed upon to take effect in January 2024, 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 2024 and 2025.

The movements of fixed assets at the beginning and at the end of the 2025 and 2024 fiscal year are shown on the following page:

Investment	Balance as of December 31, 2024	Additions	Retirement / Dis- counts	Balance as of december 31,2025
Land	\$ -	19,426,926		\$ 19,426,926
Building	-	34,101,766		34,101,766
Adaptations to leased premises	15,461,744	249,137		15,710,881
Furniture and office equipment	5,823,738	146,659		5,970,397
Transportation Equipment	274,500			274,500
Hardware	6,898,722	1,681,184		8,579,906
Software	19,117	112,000		131,117
Musical Instruments	195,753	48,132		243,885
Rights of use of leased property	51,148,333	44,783,929		95,932,262
Total investment	79,821,907	100,549,733		180,371,640

Depreciation:	Balance as of December 31, 2024	Retirement / Discounts	Depreciation for the fiscal year	Balance as of december 31, 2025
Building				
Adaptations to leased premises	11,634,625		1,556,450	13,191,075
Furniture and office equipment	5,114,574		150,225	5,264,799
Transportation equipment	274,500		-	274,500
Hardware	5,454,021		982,188	6,436,209
Software	17,055		2,063	19,118
Musical instruments	49,409		3,301	52,710
Rights of use of leased property	41,248,333		7,920,000	49,168,333
	63,792,517		10,614,226	74,406,744
Net Investment	\$ 16,029,390	\$100,549,733	\$10,614,226	\$ 105,964,896

Acquisition of Land and Building:

During the fiscal year ended December 31, 2025, the entity acquired real estate (land and buildings) for the purpose of operating a new school as part of its educational mission.

The property was acquired for \$58,953,692, which includes the purchase price and value-added tax (VAT). The asset was initially recognized at cost in accordance with the entity's accounting policies for property, plant, and equipment. Of the total amount, \$5,425,000 was provided as a deposit and is being held by the financial institution until 2026. Accordingly, for accounting purposes and in compliance with NIF C-5 "Advance Payments" and NIF C-6 "Property, Plant, and Equipment," this amount is presented in the Statement of Financial Position as "Security Deposits."

As of the fiscal year-end, the property is undergoing renovation and is expected to be used to provide educational services beginning in fiscal year 2027.

The entity has classified this property within property, plant, and equipment, and depreciation (applicable only to the building) will be calculated using the straight-line method over its estimated useful life of 20 years, once the asset is available for use.

6. Lease liability

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

C O N C E P T	2 0 2 5	2 0 2 4
Total amount of lease liabilities.	\$ 46,763,929	\$ 9,900,000
Less: Short-term liabilities	8,697,589	7,920,000
Long-term lease liability	<u>\$ 38,066,340</u>	<u>\$ 1,980,000</u>

The relative liability is payable as show as follows:

	2 0 2 5	2 0 2 4
Maturity Analysis (Expiration Analysis)		
2025	\$	\$ 7,920,000
2026	8,697,589	1,980,000
2027	8,956,786	
2028	8,956,786	
2029	8,956,786	
2030	8,956,786	
2031	2,239,196	
Long-term lease liability	<u>\$ 46,763,929</u>	<u>\$ 9,900,000</u>

Inflation expense on the lease liability, during the years ended December 31, 2025 and 2024 was \$718,042 and \$369,072, respectively.

7. Employee benefits

a) Direct benefits to short-term employees.

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

C O N C E P T	2 0 2 5	2 0 2 4
Productivity bonus	<u>\$ 1,758,854</u>	<u>\$ 1,639,172</u>

b) Net liability for defined benefits to employees.

For the years ended December 31, 2025 and 2024, 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,

C O N C E P T	2025		
	Retirement	Termination	Total
Integration of the net cost for the period 2025:			
Net liability (net asset) for defined benefits at the beginning of the period 2025	\$506,771	10,630,829	\$11,137,600
Net cost for the period 2025	107,125	2,112,836	2,219,961
Net liability (net asset) for defined benefits at the end of the period 2025 .	<u>\$613,896</u>	<u>12,743,665</u>	<u>\$13,357,561</u>

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:

C O N C E P T	A m o u n t	C o n s t r a i n t T y p e
Fondo patrimonial	8,236,425	Temporary
Books, educational apps	26,592	Temporary
Life and career	400,000	Temporary
Malcolm-New Tacubaya areas	1,500,000	Temporary
Idea Lab	1,489,873	Temporary
Reinvestment of profit from sale of Property	138,960,947	Temporary
Restricted net assets	150,613,838	
Unrestricted net assets	58,541,877	
Net Equity	<u>\$ 209,155,715</u>	

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 Parties

As of December 31, 2025 and 2024, the balances with related parties are integrated as follows:

C O N C E P T	2 0 2 5	2 0 2 4
Contributions and revenue		
Christel House International Inc.	<u>\$ 115,268,369</u>	<u>\$ 55,776,330</u>

C O N C E P T	2 0 2 5	2 0 2 4
Expenses paid by CHI		
Christel House International Inc.	<u>\$ -</u>	<u>\$ 26,019</u>

10. Analysis of operating expenses and by program.

As of December 31, 2025 and 2024, the operating expenses are integrated as show on the following page:

Expense	Balance as of December 31, 2025	Balance as of December 31, 2024
Salaries and benefits	\$ 55,379,751	\$ 51,677,128
External services - fees	6,785,566	1,971,476
Materials and supplies	3,593,548	3,383,859
Laboratories and medical supplies	81,592	104,779
Nutritional Support	6,849,530	6,449,785
Advertising	72,782	380,233
Travel expenses	10,899	60,418
Transportation expenses	31,896	37,732
Repair and Maintenance	3,780,729	3,442,258
Other expenses	6,670,968	3,173,477
Inflation for rights of use of leased property	718,042	369,072
Depreciation for use rights of leased property	7,920,000	7,920,000
Depreciation of property and equipment	2,694,226	2,843,919
Total	\$ 94,589,528	\$ 81,814,136

The expenses per program as of December 31, 2025 and 2024 are integrated as show as follows:

Program	Balance as of December 31, 2025	Balance as of December 31, 2024
Elementary school	\$ 28,688,830	\$ 27,003,550
Upper School	13,575,560	12,902,059
High school	13,284,442	12,688,059
Health	8,149,501	7,483,332
Psychopedagogy	1,565,788	1,684,750
College & Career	3,278,786	3,155,498
Community	1,451,490	938,934
Expansion Program	6,385,366	1,271,722
Global Projects Program	-	20,672
Fundraising expenses	12,596,779	9,244,113
Administrative and financial expenses	2,918,760	2,577,528
Depreciation of property and equipment	2,694,226	2,843,919
Total	\$ 94,589,528	\$ 81,814,136

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 03, 2025.

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

In April 2026, the Association entered into a lease agreement for the premises used for its administrative offices and school facilities. The agreement establishes a non-cancelable five-year term ending on March 31, 2031, with a monthly rent of \$746,398.81.

The lease payments are subject to annual adjustments based on inflation, calculated by dividing the National Consumer Price Index (INPC) published in the month preceding the adjustment by the INPC for March of the year prior to the adjustment.

13. New accounting Standards

Implementation of Financial Reporting Standards – Effective January 1, 2025

As of January 1, 2025, 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 B-11 Disposition of Long-Lived Assets and Discontinued Operations

An entity must present in the statement of cash flows the effects of disposals of long-lived assets and discontinued operations as follows:

- a) classified, as appropriate, within operating, investing, and financing activities, if not disclosed in the notes; and
- b) on a prospective basis; therefore, comparative statements of cash flows of prior periods should not be restated for presentation alongside the financial statements of the period in which the decision to dispose of long-lived assets or to discontinue an operation was made.

-NIF C-10 Derivative Financial Instruments and Hedging Relationships

There may be derivative financial instruments that are settled on a gross basis through the delivery of the underlying item, such as futures contracts. An entity may enter into a contract to purchase or sell a non-financial item that can be settled net in cash without taking physical delivery; such contracts qualify as derivative financial instruments.

However, if the contract was entered into for the purpose of receiving, delivering, or using the item in the entity's ordinary course of business ("own-use" contracts), it does not constitute a derivative financial instrument. Nevertheless, these contracts should be treated as derivatives in cases where the entity, at initial recognition, designates them at fair value through profit or loss in order to eliminate or significantly reduce a measurement inconsistency ("accounting mismatch") that would otherwise arise from not measuring the contract at fair value

-NIF C-13 Related Parties

The reporting entity must disclose the total amount of employee benefits provided to key management personnel.

In addition, the reporting entity must disclose a breakdown of the total compensation to key management personnel, as referred to in paragraph 61.10 of the standard. This information must be presented by each of the following categories:

- a) short-term and long-term employee benefits;
- b) share-based payments;
- c) termination benefits; and
- d) post-employment benefits.

This disclosure requirement aligns with international standards that require the total and categorical disclosure of key management compensation

2025 Improvements to Mexican Financial Reporting Standards (NIFs)

In December 2025, the Mexican Financial Reporting Standards Board (CINIF) issued the document titled *"2026 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 June 29, 2026, 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