

GAMERS OUTREACH FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2025

WITH SUMMARY COMPARATIVE INFORMATION FOR 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Gamers Outreach Foundation, Inc.:

Opinion

We have audited the accompanying financial statements of Gamers Outreach Foundation, Inc. (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 Gamers Outreach Foundation, Inc. as of December 31, 2025, and the changes in its net assets and 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gamers Outreach Foundation, Inc. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls 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 Gamers Outreach Foundation, Inc.'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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 Gamers Outreach Foundation, Inc.'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 Gamers Outreach Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Gamers Outreach Foundation, Inc.'s financial statements for the year ended December 31, 2024, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 14, 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.

Evergreen Alliance

Los Alamitos, California
October 27, 2026

GAMERS OUTREACH FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025 AND 2024

	December 31	
	2025	**2024**
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 436,621	$ 207,284
Contributions receivable, current	220,961	99,193
Accounts receivable	30,725	96,598
Due from related party	3,120	3,100
Due from related party – line of credit	--	34,545
Prepaid expenses	416,453	7,475
Investments	1,603,660	1,100,814
Inventory	843,842	516,327
Total Current Assets	3,555,382	2,065,336
PROPERTY AND EQUIPMENT, NET	485,813	529,999
NON-CURRENT ASSETS		
Contributions receivable, net of current portion	43,405	--
Investment – portal	17,680	17,680
Right-of-use intangible asset, net	90,095	--
Security deposit	3,333	--
Total Non-Current Assets	154,513	17,680
TOTAL ASSETS	$ 4,195,708	$ 2,613,015
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 185,546	$ 90,600
Accrued interest – line of credit	5,171	1,948
Line of credit	994,352	371,969
Lease liability, current portion	35,471	--
Deferred revenue	7,979	--
Total Current Liabilities	1,228,519	464,517
NON-CURRENT LIABILITIES		
Lease liability, net of current portion	54,308	--
TOTAL LIABILITIES	1,282,827	464,517
NET ASSETS		
Without donor restrictions	1,844,025	1,588,379
With donor restrictions	1,068,856	560,119
TOTAL NET ASSETS	2,912,881	2,148,498
TOTAL LIABILITIES AND NET ASSETS	$ 4,195,708	$ 2,613,015

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

GAMERS OUTREACH FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARY COMPARATIVE INFORMATION FOR 2024

	Without Donor Restrictions	With Donor Restrictions	December 31 2025	December 31 2024
REVENUE AND SUPPORT				
Contributions and grants	$ 1,766,542	$ 1,250,340	$ 3,016,882	$ 3,016,213
Contributions in-kind	600,953	--	600,953	424,077
Product sales, net of COGS of $138,523	76,416	--	76,416	183,608
Investment income, net	62,375	--	62,375	47,751
Net assets released from restrictions	741,603	(741,603)	--	--
	3,247,889	508,737	3,756,626	3,671,649
SPECIAL EVENTS				
Special events revenue	1,299,165	--	1,299,165	1,060,384
Special events revenue – in-kind	142,036	--	142,036	--
Special events expense	(294,511)	--	(294,511)	(178,615)
	1,146,690	--	1,146,690	881,769
TOTAL REVENUE AND SUPPORT	4,394,579	508,737	4,903,316	4,553,418
OPERATING EXPENSES				
Program services	3,024,133	--	3,024,133	3,370,374
Supporting services:				
Management and general	344,276	--	344,276	420,761
Fundraising	770,524	--	770,524	771,067
TOTAL OPERATING EXPENSES	4,138,933	--	4,138,933	4,562,202
CHANGE IN NET ASSETS	255,646	508,737	764,383	(8,784)
BEGINNING NET ASSETS	1,588,379	560,119	2,148,498	2,157,282
ENDING NET ASSETS	$ 1,844,025	$ 1,068,856	$ 2,912,881	$ 2,148,498

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

GAMERS OUTREACH FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARY COMPARATIVE INFORMATION FOR 2024

	Program Services	Management and General	Fundraising	December 31 2025	December 31 2024
PERSONNEL EXPENSES					
Salaries and wages	$ 656,632	$ 61,640	$ 194,108	$ 912,380	$ 1,094,910
Employee benefits and taxes	157,561	39,967	53,120	250,648	291,754
TOTAL PERSONNEL EXPENSES	814,193	101,607	247,228	1,163,028	1,386,664
OTHER EXPENSES					
Bank and merchant fees	--	8,191	--	8,191	64,623
Depreciation and amortization	103,054	5,725	5,726	114,505	113,557
Grants to others	1,157,046	--	--	1,157,046	1,400,278
Insurance	--	1,107	--	1,107	7,969
Interest	--	54,157	--	54,157	40,095
Meeting expenses	22,229	251	8,445	30,925	217,224
Occupancy	17,291	1,181	814	19,286	22,249
Office expenses	6,436	307	2,684	9,427	21,548
Operating lease expense	23,016	--	--	23,016	--
Outreach and advertising	9,826	--	21,510	31,336	16,576
Professional services:					
Accounting	--	89,606	--	89,606	78,915
Contract management	359,190	--	34,256	393,446	406,281
Executive leadership	87,741	35,097	52,643	175,481	175,000
Legal	--	20,865	--	20,865	20,448
Marketing	155,371	--	51,138	206,509	159,524
Photography	10,590	--	2,810	13,400	16,028
Subscriptions and software	64,779	15,762	248,433	328,974	234,469
Telephone and internet	2,453	2,045	553	5,051	9,663
Travel	164,231	7,968	92,019	264,218	121,917
Warehousing fees	22,809	--	--	22,809	29,442
Website	3,802	139	2,265	6,206	10,020
Other	76	268	--	344	9,712
TOTAL OTHER EXPENSES	2,209,940	242,669	523,296	2,975,905	3,175,538
TOTAL EXPENSES	$ 3,024,133	$ 344,276	$ 770,524	$ 4,138,933	$ 4,562,202

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

GAMERS OUTREACH FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	December 31	
	2025	**2024**
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 764,383	($ 8,784)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	114,505	113,557
Realized (gains) losses on investments	(1,411)	5,178
Unrealized gains on investments	(2,462)	(34,336)
Change in operating assets and liabilities:		
Contributions receivable	(165,173)	46,182
Accounts receivable	65,873	(96,598)
Due from related party	(20)	(3,100)
Due from related party – line of credit	34,545	(34,545)
Prepaid expenses	(408,978)	476,247
Inventory	(327,515)	(208,409)
Right-of-use intangible asset	(90,095)	--
Security deposit	(3,333)	--
Accounts payable and accrued expenses	94,946	31,571
Accrued interest – line of credit	3,223	(3,115)
Lease liability	89,779	--
Deferred revenue	7,979	--
Net Cash Provided By Operating Activities	176,246	283,848
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of securities	339,563	3,431,215
Purchases of securities	(838,536)	(3,166,836)
Purchases of property and equipment	(70,319)	(14,513)
Net Cash (Used In) Provided By Investing Activities	(569,292)	249,866
CASH FLOWS FROM FINANCING ACTIVITIES		
Established line of credit	--	34,545
Proceeds from draws on line of credit	676,928	--
Proceeds from draws on line of credit – related party	51,359	--
Repayments of line of credit	(20,000)	(463,810)
Repayments of line of credit – related party	(85,904)	--
Net Cash Provided By (Used In) Financing Activities	622,383	(429,265)
NET CHANGE IN CASH AND CASH EQUIVALENTS	229,337	104,449
CASH AND CASH EQUIVALENTS AT BEGINNING OF FISCAL YEAR	207,284	102,835
CASH AND CASH EQUIVALENTS AT END OF FISCAL YEAR	$ 436,621	$ 207,284
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	$ 48,986	$ 40,095
Cash paid for income taxes	NONE	NONE
Noncash investing transactions	NONE	NONE
Noncash financing transactions	NONE	NONE

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

GAMERS OUTREACH FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARY COMPARATIVE INFORMATION FOR 2024

NOTE 1 – Nature of Activities

Gamers Outreach Foundation, Inc. (the Foundation) is a 501(c)(3) not-for-profit entity organized in 2007 to provide therapeutic recreation opportunities to children in hospitals.

Major programs include:

- Project GO Kart (GO Kart) is a program that serves thousands of children each year by providing hospitals with medical-grade kiosks outfitted with televisions, video game consoles, and games. These units are made available to children recovering in hospitals, particularly those with longer anticipated stays, to help them cope with the confines of living in a hospital and the stress of recovering from illness and injury. Some units are sold to hospitals, while others are contributed to hospitals at the Foundation's discretion or as a result of donor-restricted contributions.

- Player 2 is a program designed to connect volunteer gamers in the community to hospitals hosting GO Karts to provide basic tech support and maintenance, distribute games, and play games with patients.

- Save Point is a program that places high-tech vending machines inside hospitals. Each machine distributes game codes, toys, and technology items to kids. The machines are intended to help encourage and inspire children as they progress through treatment, acting as an incentive to support care.

In addition to programming, the Foundation organizes a large annual fundraising event, Gamers for Giving, that raises several hundred thousand dollars annually, supporting efforts to expand the scope of reach of the GO Kart program and help ensure continued financial stability. Contributions and grants remain the most significant revenue stream for the Foundation.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation of Financial Statements

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with United States Generally Accepted Accounting Principles (US GAAP). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Comparative Financial Information

The accompanying 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 full comparison of operations year over year. Accordingly, these comparative financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with an original maturity of three months or less when purchased, and which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. For the years ended December 31, 2025, and 2024, the Foundation did not receive any conditional promises to give.

Accounts Receivable

Accounts receivable consist primarily of uncollateralized customer obligations due under normal trade terms. They are stated at the amount the Foundation expects to collect, net of an allowance for credit losses, when one is required. The Foundation accounts for credit losses under ASC 326, *Financial Instruments – Credit Losses*. Under this standard, an allowance is recorded for expected credit losses over the contractual life of the receivables.

Management estimates expected credit losses using:

- historical collection experience;
- the aging of balances and the credit quality of individual customers;
- current conditions; and
- reasonable and supportable forecasts of future economic conditions that may affect collectability.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Accounts Receivable (continued)

The Foundation evaluates balances individually when specific information indicates a customer may be unable to pay. Receivables are written off against the allowance when management determines they are uncollectible, after collection efforts have been exhausted. Changes in the allowance, and write-offs of balances not previously reserved, are recognized as bad debt expense. Recoveries of amounts previously written off are recorded when received.

Contributions receivable are not within the scope of ASC 326 and are evaluated for collectability separately.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair value in the statement of financial position, and changes in fair value are reported as investment income in the statement of activities. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest and dividends are recorded when earned.

The Foundation liquidates donated cryptocurrency upon receipt. However, at December 31, 2025, and 2024, $2 and $257 cryptocurrency had not yet been liquidated and has been recognized as part of the investment portfolio.

Inventory

GO Kart inventory consists of frames and related components such as consoles, monitors, controllers, and game codes. Intangible inventory consists of digital code donated or purchased that may be used to download fully licensed versions of games to consoles. Inventory is stated at the lower of cost or net realizable value on a first in, first out basis. Donated items are recorded at their estimated fair value on the date received. Donated physical inventory is generally not usable in GO Karts and must be sold. Inventory includes GO Karts held at a vendor at the request of the Foundation.

Property and Equipment

The Foundation's policy is to capitalize asset additions over $2,500. Property and equipment are stated at cost, with the exception of donated equipment, which is recorded at fair market value on the date received. Depreciation and amortization have been provided on the straight-line method over the useful lives of the assets, which are generally three to seven years. Expenditures for repairs and maintenance are expensed as incurred.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Investment - Portal

The Foundation has invested resources in a startup company related to the mission of the Foundation. Initially, payments made were intended to fund a program of the Foundation. It was later determined that the program would reside in an alternative entity.

Right-of-Use Intangible Asset and Lease Liability

The Foundation has entered into an operating lease for office space. The right-of-use leased asset and the related liability are recognized at the lease commencement date and represent the Foundation's right to use an underlying asset and lease obligation for the lease term. The right-of-use leased asset is measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, and any initial direct costs necessary to place the lease asset into service. The right-of-use leased asset is amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. See Note 10.

Classification of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, for example contributed assets that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, for example stipulating those resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, laws extend to donor-imposed restrictions. The expirations of donor-imposed restrictions are recognized when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Revenue Recognition

Contributions: Contributions, including unconditional promises to give, are recognized as revenue when received. They are recorded as with or without donor restrictions depending on whether donor-imposed restrictions exist. Conditional promises to give that contain both a barrier and a right of return or release are not recognized until the conditions are substantially met. Amounts received before the conditions are met are reported as refundable advances. The Foundation evaluates grant agreements to determine whether they are contributions or exchange transactions.

GO Kart Sales: The Foundation recognizes revenue from contracts with customers in accordance with ASC 606, *Revenue from Contracts with Customers*. For direct sales, revenue is recognized upon fulfillment of the performance obligation. Fees received before the related program period are recorded as deferred revenue (a contract liability) and recognized as the services are performed. Contracts do not contain significant financing components, variable consideration, or refund provisions.

During the years ended December 31, 2025, and 2024, one donor accounted for 32% and 36% of the Foundation's program service revenue, respectively.

In-Kind Contributions

Contributed goods are recorded at fair value at the date of donation. During the year ended December 31, 2025, the Foundation received $742,989 of donated items for GO Kart recipients and special event auction items. During the year ended December 31, 2024, the Foundation received $424,077 of donated items for GO Kart recipients. See Note 12 for additional information.

Outreach and Advertising Costs

Outreach and advertising costs are expensed to operations when incurred. Outreach and advertising expenses for the year ended December 31, 2025, and 2024, were $31,336 and $16,576.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from such estimates and those differences could be material.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Income Tax Status

The Foundation is a Michigan nonprofit corporation. It is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation under Section 509(a)(1). The Foundation is exempt from the Michigan Corporate Income Tax.

Since the Foundation is exempt from federal and state income tax liability, no provision is made for current or deferred income taxes. The Foundation uses the same accounting methods for tax and financial reporting. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization returns are more likely than not to be sustained upon examination. The Foundation's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Financial Instruments and Credit Risk

Deposit concentrations are managed by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments. To date, the Foundation has not experienced losses in any of these accounts. All fair values of investments are subject to fluctuations on a year-to-year basis.

Reclassifications

Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation. The reclassifications have no impact on previously reported net assets.

Subsequent Events

The Foundation has evaluated subsequent events through October 27, 2026, which is the date the financial statements were available to be issued for the year ended December 31, 2025, and noted no items to disclose.

NOTE 3 – Liquidity and Availability

Financial assets available to meet cash needs for general expenditures within one year at December 31:

	2025	2024
Cash and cash equivalents	$ 436,621	$ 207,284
Contributions receivable, current	220,961	99,193
Accounts receivable	30,725	96,598
Due from related party	3,120	3,100
Investments	1,603,660	1,100,814
Total financial assets	2,295,087	1,506,989
Less: investments pledged as collateral for line of credit	(994,352)	(337,424)
Less: amounts unavailable due to donor-imposed restrictions	(859,591)	(515,676)
Financial assets available to meet cash needs for general expenditures within one year	$ 441,144	$ 653,889

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation anticipates collecting sufficient revenue to cover general expenditures. The Foundation is substantially supported by contribution revenue. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those requirements. Therefore, certain financial assets may not be available for general expenditure within one year. The Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Foundation invests cash in excess of daily requirements in a cash sweep account.

NOTE 4 – Contributions Receivable

Contributions receivable are summarized as follows at December 31:

	2025	2024
Unconditional promises expected to be collected in:		
Less than one year	$ 220,961	$ 99,193
Greater than one year	50,000	--
	270,961	99,193
Less: discount to net present value	(6,595)	--
Total	$ 264,366	$ 99,193

NOTE 4 – Contributions Receivable *(continued)*

There was no allowance for doubtful accounts deemed necessary by management at December 31, 2025, or 2024. At December 31, 2025, two donors accounted for 76% of the Foundation's contributions receivable. At December 31, 2024, one donor accounted for 25% of the Foundation's contributions receivable.

NOTE 5 – Accounts Receivable

Accounts receivable are summarized as follows at December 31:

	2025	2024
Amounts expected to be collected in less than one year	$ 30,725	$ 96,598

Based on its evaluation of historical loss experience, current conditions, and expected future collectability, management determined that no allowance for credit losses was necessary at December 31, 2025, or 2024.

As of December 31, 2025, two customer accounts comprised approximately 68% of total accounts receivable. As of December 31, 2024, one customer account comprised approximately 54% of total accounts receivable.

NOTE 6 – Due from Related Party

Due from related party are summarized as follows as of December 31:

	2025	2024
Due from related party - Expenses	$ 3,120	$ 3,100
Due from related party - Line of credit	--	34,545
Total	$ 3,120	$ 37,645

Gamers Outreach Foundation expects to receive all amounts due from related party within one year. See Note 15 for additional information.

NOTE 7 – Fair Value Measurements and Disclosures

The Foundation reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell assets in an orderly transaction in the principal, most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the assets, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the assets based on market data obtained from sources independent of the reporting entity.

Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value as the lowest level input that is significant to the entire measurement.

Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk or liquidity profile of the asset.

NOTE 7 – Fair Value Measurements and Disclosures *(continued)*

The following table presents assets that are measured at fair value on a recurring basis as of December 31, 2025:

		Fair Value Measurements at Reporting Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed income	$ 1,603,660	$ 1,603,660	$ --	$ --
Portal	17,680	--	--	17,680
Total	$ 1,621,340	$ 1,603,660	$ --	$ 17,680

The beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) remained unchanged.

The following table presents assets that are measured at fair value on a recurring basis as of December 31, 2024:

		Fair Value Measurements at Reporting Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed income	$ 1,100,814	$ 1,100,814	$ --	$ --
Portal	17,680	--	--	17,680
Total	$ 1,118,494	$ 1,100,814	$ --	$ 17,680

NOTE 8 – Inventory

Inventory is summarized as follows as of December 31:

	2025	2024
GO Kart materials – work in process	$ 642,801	$ 433,042
Intangible inventory	135,971	83,285
GO Karts held at vendor	65,070	--
Total	$ 843,842	$ 516,327

NOTE 9 – Property and Equipment

Property and equipment are summarized as follows at December 31:

	2025	2024
Furniture and equipment	$ 775,101	$ 736,782
Intangible asset - website	76,100	44,100
	851,201	780,882
Less: accumulated depreciation and amortization	(365,388)	(250,883)
Total	$ 485,813	$ 529,999

Depreciation and amortization expense for the years ended December 31, 2025, and 2024, was $114,505 and $113,557, respectively.

NOTE 10 – Lease

The Foundation is committed under a real property lease for premises in Saline, Michigan, which began in June of 2025 and will expire June of 2028. The Foundation has elected the option to use the incremental borrowing rate option to the facility lease, which is 6.43%.

NOTE 10 – Leases *(continued)*

Future Lease Payments

Future minimum lease payments are as follows:

For the Year Ending December 31	
2026	$ 39,996
2027	39,996
2028	16,665
Total lease payments	96,657
Less: interest	(6,878)
Present value of lease liabilities	$ 89,779

Total lease expense for the years ended December 31, 2025, and 2024, was $23,016 and $0, respectively.

NOTE 11 – Net Assets

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	2025	2024
Subject to expenditure for specified purpose:		
Gamer codes	$ --	$ 77,274
GO Kart builds	612,274	323,550
Save Point	134,102	64,102
Warehouse	75,000	--
Contributions receivable, the proceeds from which have been restricted by donors:		
GO Karts	38,215	50,750
Contributions receivable without donor restrictions, but which are unavailable for expenditure until received	209,265	44,443
Total	$ 1,068,856	$ 560,119

NOTE 11 – Net Assets *(continued)*

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, or the passage of time or other events specified by donors during the year ended December 31:

	2025	2024
Expiration of time restrictions	$ 44,443	$ --
Satisfaction of purpose restrictions		
Gamer codes	77,274	167,344
GO Karts	619,886	970,605
Total	$ 741,603	$ 1,137,949

NOTE 12 – In-Kind Contributions

The Foundation's financial statements include the following in-kind contribution revenue for the year ended December 31:

	2025	2024
Donated gaming equipment, apparel, and games	$ 600,953	$ 424,077
Special event auction items	142,036	--
Total	$ 742,989	$ 424,077

Donated goods received by the Foundation during the year ended December 31, 2025, and 2024, were received without donor restrictions and were both used and monetized to support ongoing operations of the Foundation. The value of donations was estimated based on comparable fair value.

NOTE 13 – Line of Credit

The Foundation has a revolving line of credit with a bank, secured by substantially all of the Foundation's fixed income investment account. The line of credit has no defined maturity date and is limited by the balance in the collateral account. The balance of the line of credit at December 31, 2025, and 2024, was $994,352 and $337,424, respectively.

The line of credit has a variable interest rate, which was 5.90% and 6.64% at December 31, 2025, and 2024, respectively. The balance of accrued interest at December 31, 2025, and 2024, was $5,171 and $1,948, respectively.

NOTE 13 – Line of Credit *(continued)*

The Foundation has a revolving line of credit with a bank, secured by substantially all of the Foundation's business checking account. The line of credit has an annual interest rate of 26.50%. The outstanding balance of the line of credit at December 31, 2025, and 2024, was $0 and $34,545, respectively. See Note 15 for additional information surrounding this line of credit.

NOTE 14 – Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural and functional classification detail of expenses. Certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits and taxes, depreciation and amortization, meeting expenses, occupancy, office expenses, outreach and advertising, professional services – contract management, professional services – executive leadership, professional services – marketing, professional services – photography, subscriptions and software, telephone and internet, travel, website, and other expenses, which are allocated on the basis of estimates of time and effort.

NOTE 15 – Related Party Transactions

The Foundation has invested resources in a startup company related to the mission of the Foundation. Initially, payments made were intended to fund a program of the Foundation. It was later determined that the program would reside in an alternative entity, which is owned by the Executive Director of the Foundation. The Foundation owns shares of Common Stock in the company.

As of January 30, 2024, the Foundation entered into a formal contract service agreement with Olive & Grand, owned by the Executive Director of the Foundation, to transition the Foundation's Executive Director's employment contract with the Foundation to a contractual arrangement through an affiliated company. Amounts paid to Olive & Grand during the year ended December 31, 2025, included $175,481 for contracted services. Amounts paid to Olive & Grand during the year ended December 31, 2024, included $175,000 for contracted services and $60,560 for reimbursements related to the Foundation's fundraising event.

NOTE 15 – Related Party Transactions *(continued)*

The related-party arrangements described above were reviewed under the Foundation's conflict-of-interest policy. The disinterested members of the Board of Directors, with the interested individual recused, approved the arrangements after receiving advice from independent outside legal counsel. The Board concluded the terms were fair and reasonable and in the best interests of the Foundation.

A business line of credit lists Gamers Outreach Foundation as the borrower with the Executive Director as personal guarantor. The Foundation briefly used and repaid the facility in 2024. In 2024, the line of credit was used by a related party. Due to issuer policy that limits one such line per individual regardless of entity, subsequent draws related solely to the Executive Director and/or his affiliates; all principal, interest, and fees have been and will be paid by those parties. As of December 31, 2025, and 2024, the Foundation had no outstanding obligation.