BENEFICENT TECHNOLOGY, INC.
DBA BENETECH

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

YEARS ENDED DECEMBER 31, 2025 AND 2024

BENEFICENT TECHNOLOGY, INC.

DBA BENETECH

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

TABLE OF CONTENTS

Page

Independent Auditor's Report 1

Statements of Financial Position 4

Statements of Activities 5

Statements of Functional Expenses 6

Statements of Cash Flows 8

Notes to Financial Statements 9

Supplementary Information 17

Schedule of Expenditures of Federal Awards 18

Notes to the Schedule of Expenditures of Federal Awards 19

Schedule of Findings and Questioned Costs 20

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* 21

Independent Auditor's Report on Compliance for Major Federal Program, on Internal Control Over Compliance, and on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 23

* * * *

LINDQUIST
VON HUSEN
& JOYCE llp
Certified Public Accountants

Charlotte Siew-Kun Tay
Cathy L. Hwang
Rita B. Dela Cruz
Scott K. Smith
Crisanto S. Francisco
Joe F. Huie
Kyle F. Ganley

Sherman G. Leong

Board of Directors
Beneficent Technology, Inc.
Palo Alto, California

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Beneficent Technology, Inc., a California nonprofit public benefit corporation, which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years 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 Beneficent Technology, Inc. as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Beneficent Technology, 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

BKR INTERNATIONAL
Certified Public Accountants, 301 Howard Street, Suite 850, San Francisco, California 94105
Telephone 415 957 9999 Facsimile 415 957 1629 http://www.lvhj.com
An Independent Member Firm of BKR International with Associates in Principal Cities Worldwide

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 GAAS and *Government 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 Beneficent Technology, 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 Beneficent Technology, 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 18, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 2, 2026 on our consideration of Beneficent Technology, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Beneficent Technology, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beneficent Technology, Inc.'s internal control over financial reporting and compliance.

Lindquist, von Husen and Joyce LLP

June 2, 2026

BENEFICENT TECHNOLOGY, INC.

DBA BENETECH

(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,730,609	$ 1,977,439
Receivables:		
Contributions – current portion (Note 3)	517,925	902,073
Accounts receivable (Note 4)	248,619	195,152
Prepaid expenses	114,806	118,846
Total current assets	2,611,959	3,193,510
Contributions receivable – net of current portion (Note 3)	-	206,033
Restricted cash – deposits	16,015	14,859
Total assets	$ 2,627,974	$ 3,414,402
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 198,028	$ 188,337
Accrued expenses	201,827	232,285
Accrued employee benefits	280,500	264,860
Deferred revenue	310,238	366,881
Total liabilities	990,593	1,052,363
Net assets:		
Without donor restrictions	728,728	739,278
With donor restrictions (Note 7)	908,653	1,622,761
Total net assets	1,637,381	2,362,039
Total liabilities and net assets	$ 2,627,974	$ 3,414,402

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

BENEFICENT TECHNOLOGY, INC.

DBA BENETECH

(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	*With Donor Restrictions*	*Total*	*Without Donor Restrictions*	*With Donor Restrictions*	*Total*
Support and revenue:						
Contributions:						
Global Literacy	$ 8,448,480	$ 609,693	$ 9,058,173	$ 9,338,555	$ 1,539,154	$ 10,877,709
General operations	130,260	-	130,260	596,060	-	596,060
Program services revenue:						
Global Literacy	1,138,890	-	1,138,890	1,166,573	-	1,166,573
Donated services	349,112	-	349,112	343,522	-	343,522
Interest and other income	48,621	369	48,990	12,967	2,881	15,848
Total support and revenue	10,115,363	610,062	10,725,425	11,457,677	1,542,035	12,999,712
Net assets released from restrictions:						
Satisfaction of purpose restrictions	1,324,170	(1,324,170)	-	678,696	(678,696)	-
Total support and revenue	11,439,533	(714,108)	10,725,425	12,136,373	863,339	12,999,712
Expenses:						
Program services:						
Global Literacy	9,022,675	-	9,022,675	9,162,779	-	9,162,779
Benetech Labs	-	-	-	65,858	-	65,858
Supporting services:						
Management and general	1,678,278	-	1,678,278	1,653,823	-	1,653,823
Fundraising	472,678	-	472,678	506,339	-	506,339
Bid and proposal	276,452	-	276,452	328,498	-	328,498
Total expenses	11,450,083	-	11,450,083	11,717,297	-	11,717,297
Change in net assets	(10,550)	(714,108)	(724,658)	419,076	863,339	1,282,415
Net assets, beginning of year	739,278	1,622,761	2,362,039	320,202	759,422	1,079,624
Net assets, end of year	$ 728,728	$ 908,653	$ 1,637,381	$ 739,278	$ 1,622,761	$ 2,362,039

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

BENEFICENT TECHNOLOGY, INC.

DBA BENETECH

(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2025

	2025							
	Program Services			*Supporting Services*				
	Global Literacy	*Benetech Labs*	*Total Program Services*	*Management and General*	*Fundraising*	*Bid and Proposal*	*Total Supporting Services*	*Total*
Salaries and related expenses	$ 5,042,540	$ -	$ 5,042,540	$ 1,054,272	$ 327,960	$ 202,071	$ 1,584,303	$ 6,626,843
Employee benefits and payroll taxes	1,212,162	-	1,212,162	252,365	78,891	48,349	379,605	1,591,767
Total salaries and related expenses	6,254,702	-	6,254,702	1,306,637	406,851	250,420	1,963,908	8,218,610
Outside services	932,718	-	932,718	222,231	16,552	6,681	245,464	1,178,182
Communications	531,930	-	531,930	14,914	4,579	2,811	22,304	554,234
Book collection and development	389,419	-	389,419	-	-	-	-	389,419
In-kind products and services	347,719	-	347,719	1,393	-	-	1,393	349,112
Supplies and project rent	165,260	-	165,260	39,648	15,836	12,514	67,998	233,258
Conferences	171,423	-	171,423	9,506	5,681	150	15,337	186,760
Travel	89,192	-	89,192	53,766	9,827	102	63,695	152,887
Bank charges	54,015	-	54,015	10,601	3,231	1,984	15,816	69,831
Subscriptions and dues	44,981	-	44,981	1,875	120	89	2,084	47,065
Insurance	28,159	-	28,159	6,325	1,974	1,197	9,496	37,655
Miscellaneous	9,467	-	9,467	10,547	7,769	346	18,662	28,129
Facility and other office expenses	3,690	-	3,690	835	258	158	1,251	4,941
Total expenses	$ 9,022,675	$ -	$ 9,022,675	$ 1,678,278	$ 472,678	$ 276,452	$ 2,427,408	$ 11,450,083

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

BENEFICENT TECHNOLOGY, INC.

DBA BENETECH

(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	2024							
	Program Services			*Supporting Services*				
	Global Literacy	*Benetech Labs*	*Total Program Services*	*Management and General*	*Fundraising*	*Bid and Proposal*	*Total Supporting Services*	*Total*
Salaries and related expenses	$ 4,776,811	$ 50,689	$ 4,827,500	$ 964,817	$ 367,645	$ 164,355	$ 1,496,817	$ 6,324,317
Employee benefits and payroll taxes	1,062,635	11,364	1,073,999	215,746	81,776	36,185	333,707	1,407,706
Total salaries and related expenses	5,839,446	62,053	5,901,499	1,180,563	449,421	200,540	1,830,524	7,732,023
Outside services	1,213,522	1,068	1,214,590	282,127	25,107	106,583	413,817	1,628,407
Communications	633,808	896	634,704	14,298	5,421	2,454	22,173	656,877
Book collection and development	558,078	-	558,078	-	-	-	-	558,078
In-kind products and services	343,522	-	343,522	-	-	-	-	343,522
Conferences	182,825	36	182,861	45,160	2,587	214	47,961	230,822
Supplies and project rent	166,957	781	167,738	39,379	9,862	12,874	62,115	229,853
Travel	91,015	34	91,049	55,281	6,373	2,603	64,257	155,306
Bank charges	55,631	551	56,182	10,626	3,961	1,751	16,338	72,520
Subscriptions and dues	37,422	4	37,426	2,723	36	16	2,775	40,201
Insurance	23,581	270	23,851	5,215	1,989	905	8,109	31,960
Miscellaneous	11,123	99	11,222	4,200	1,106	344	5,650	16,872
Facility and other office expenses	3,465	40	3,505	750	286	129	1,165	4,670
Entertainment	95	-	95	-	-	-	-	95
Total expenses before depreciation and amortization	9,160,490	65,832	9,226,322	1,640,322	506,149	328,413	2,474,884	11,701,206
Amortization	2,289	26	2,315	13,501	190	85	13,776	16,091
Total expenses	$ 9,162,779	$ 65,858	$ 9,228,637	$ 1,653,823	$ 506,339	$ 328,498	$ 2,488,660	$ 11,717,297

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

BENEFICENT TECHNOLOGY, INC.

DBA BENETECH

(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ (724,658)	$ 1,282,415
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Amortization	-	16,091
Decrease (increase) in assets:		
Contributions receivable	590,181	(359,776)
Accounts receivable	(53,467)	(102,871)
Prepaid expenses	4,040	31,668
Increase (decrease) in liabilities:		
Accounts payable	9,691	(32,550)
Accrued expenses	(30,458)	29,827
Accrued employee benefits	15,640	(45,941)
Deferred revenue	(56,643)	83,254
Endowment liability	-	(450,000)
Total adjustments	478,984	(830,298)
Net cash (used in) provided by operating activities	(245,674)	452,117
Cash flows from investing activity:		
Net increase in investments	-	401,054
Net cash provided by investing activity	-	401,054
Net (decrease) increase in cash, cash equivalents, and restricted cash	(245,674)	853,171
Cash, cash equivalents and restricted cash, beginning of year	1,992,298	1,139,127
Cash, cash equivalents and restricted cash, end of year	$ 1,746,624	$ 1,992,298
Cash and cash equivalents	$ 1,730,609	$ 1,977,439
Restricted cash – deposits	16,015	14,859
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	$ 1,746,624	$ 1,992,298

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

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Beneficent Technology, Inc. (doing business as "Benetech®") was incorporated as a nonprofit corporation to develop technology projects, products and services to benefit humanity worldwide.

Through its technology, programs and services, Benetech is improving education access and outcomes for the 1 in 5 students who learn differently: students with disabilities and learning differences, such as blind and dyslexic learners. Benetech believes that equitable access to education is a human right, regardless of differences or disability.

Accessible Education Content and Technology:

Benetech has been delivering accessible learning solutions for over 25 years as the developer of Bookshare, the world's largest service for accessible education materials. Benetech is transforming how educational content is made accessible through initiatives like Bookshare and its Global Certified Accessible (GCA) program suite of accessibility evaluation and certification services.

Through the Bookshare platform, Benetech provides the world's largest online service for accessible e-books having delivered more than 30 million e-books and materials that have served over 1.5 million learners. Benetech Bookshare members read books in formats that work best for them, whether it be audio, typography manipulation, word highlights synced with audio and so on – through the browser, mobile application or other Assistive Technology (AT) of choice.

Benetech's goal for all learners is to improve literacy, foster a love for life-long learning, and enable skills acquisition for workforce development. Benetech continues to scale and innovate, including taking on the next frontier of learning content by making STEM accessible and other types of materials such as PDFs or images for all learners using Artificial Intelligence. The Born Accessible GCA initiative continues to drive system change in the publishing industry, partnering with publishers to make books and education technologies accessible when they are created.

Accessible Education Capacity Building:

Benetech is deepening its impact in education by working closely with schools, districts, colleges and more, to provide them targeted technical assistance to adopt accessible content, and services to help evaluate their accessibility progress and build accessibility roadmaps for them to meet ADA Title II requirements.

Benetech serves learners in several countries around the world directly or through partners using its platforms and provides capacity building services for inclusive education and education for students with disabilities. In low- and middle- income countries, Benetech supports schools for digital transformation to embrace accessible education through digital literacy, digital pedagogy and assistive technology. Benetech provides training and technical assistance to educators to effectively use accessible content and technology.

Benetech is vulnerable to the inherent risks associated with revenue that is substantially dependent on government funding, public support, and contributions. The continued growth and well-being of Benetech is contingent upon successful achievement of its long-term revenue-raising and diversification goals.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The Organization uses the accrual method of accounting, which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets, as applicable: net assets without donor restrictions and net assets with donor restrictions.

- Net assets without donor restrictions include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. The Organization has elected to report as an increase in net assets without donor restrictions any restricted revenue received in the current period whose restrictions have been met in the current period.

- Net assets with donor restrictions include those assets subject to donor restrictions and for which the applicable restrictions were not met as of the end of the current reporting period. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. When a donor restriction expires – that is, when a stipulated time restrictions ends or purpose restriction is accomplished – net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as *net assets released from restrictions*. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. The Organization has no net assets with non-expiring donor restrictions as of December 31, 2025 and 2024.

Revenue Recognition

Contributions are recognized as revenue when they are unconditionally communicated. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions are recognized when the donor makes a promise to give; that is, in substance, an unconditional promise. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Consequently, at December 31, 2025 and 2024, contributions of approximately $19,536,000 and $25,341,000, were not recognized in the accompanying statement of activities because the condition on which they depend has not yet been met. Contributions are recorded at their fair value as support without donor restrictions or support with donor restrictions, depending on the absence or existence of donor-imposed restrictions as applicable. Contributions with donor restrictions are reported as an increase in support without donor restrictions if the restrictions have been met in the current period. If the restrictions have not been met by year end, the amount is reported as an increase in support with donor restrictions. When the restriction is met, the amount is shown as a reclassification of support with donor restrictions to support without donor restrictions and reported in the statements of activities as *net assets released from restrictions*.

A portion of Benetech's contribution revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Benetech has incurred expenditures in compliance with specific contract or grant provision. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. Benetech did not receive cost-reimbursable grants that have not been recognized at December 31, 2025 and 2024. Deferred revenue related to contracts with customers consisting of program service and technology fees received in advance totaled $310,238 and $366,881 as of December 31, 2025 and 2024, respectively. The total balance of deferred revenue as of December 31, 2023 was $238,627, which represented the beginning deferred revenue balance as of January 1, 2024.

Contributions of donated, non-cash assets are recognized and recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. During the years ended December 31, 2025 and 2024, the advertising cost in the amount of $349,112 and $343,522, respectively, was recorded as both revenue and expense in the statements of activities. The Organization also received a significant amount of donated services from unpaid volunteers who assisted in fund-raising and other programs of the Organization. These amounts were not recognized in the statements of activities because the criteria for recognition were not satisfied. The Organization estimates such amounts to be approximately $50,100 and $60,900 in 2025 and 2024, respectively.

Revenue from program services is recognized upon performance of the applicable services over time. Subscription revenue from Bookshare is recognized over the life of the subscription. Unearned subscription revenue is recorded as a liability on the statements of financial position. Revenue from interest is recorded when earned.

Cash, Cash Equivalents and Restricted Cash

Cash is defined as cash in demand deposit accounts as well as cash on hand. The Organization occasionally maintains cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation limit. The uninsured cash balance was approximately $54,000 as of December 31, 2025. The Organization has not experienced any losses in such accounts.

Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash. Generally, only investments with original maturities of three months or less qualify as cash equivalents.

Contributions Receivable

Unconditional promises to give are recorded as receivables and revenue when received. The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Bad debts are provided on the allowance method based on historical experience and management evaluation of promises to give. Management has determined that no allowance for uncollectible accounts is deemed necessary as of December 31, 2025 and 2024.

Accounts Receivable

Accounts receivable are related to income earned from program services. An allowance for credit losses is provided which is an estimate based upon historical account write-off trends, facts about the current financial condition and forecasts of future operating results. Credit quality is monitored through the timing of payments compared to payment terms and known facts about customers. Accounts receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased. Management has determined that no allowance for uncollectible accounts is deemed necessary as of December 31, 2025 and 2024.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (that is when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Intangible Assets

Intangible assets include capitalized costs related to the design of the new corporate website and implementation of financial and payroll software.

The useful lives of the intangible assets are estimated to be 3 years.

Income Taxes

Benetech is a nonprofit corporation qualified under IRC code section 501(c)(3) and California R&T code section 23701(d) as such, it is exempt from federal income taxes. Benetech is not classified as a private foundation under IRC code section 509(a). Qualified nonprofit corporations are generally exempt from income tax.

The Organization reviews and assesses tax positions taken or expected to be taken against more-likely-than-not recognition threshold and measurement attributes for financial statement recognition. The Organization's policy for evaluating uncertain tax positions is a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more-likely-than-not that the position will be sustained upon audit, including resolution of related appeals or litigations processes, if any. The second step is to measure the tax benefit or liability as the largest amount that is more than 50% likely to be realized or incurred upon settlement. Management determined that the tax positions taken or expected to be taken had no material effect on the recorded tax assets and liabilities of the Organization. The Organization's federal and state income tax returns for the years 2021 through 2024 are subject to examination by regulatory agencies, generally for three years and four years after they are filed for federal and state, respectively.

Functional Expenses Allocation

The costs of providing program services and supporting services are summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs are allocated among program services and supporting services.

Bid and Proposal

These costs include expenses associated with research for and preparation of bids, proposals and applications to secure funding from both federal and non-federal sources.

Subsequent Events

Management has evaluated subsequent events through June 2, 2026, the date on which the financial statements were available to be issued.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are summarized as follows:

	2025	2024
Unconditional promises to give due in:		
Less than one year	$ 517,925	$ 902,073
Between one year and five years	-	206,033
Total	$ 517,925	$ 1,108,106

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable are summarized as follows:

	2025	2024
Bookshare	$ 248,605	$ 195,074
General operations	14	78
Total	$ 248,619	$ 195,152

The total balance of accounts receivable as of December 31, 2023 was $92,281, which represented the beginning accounts receivable balance as of January 1, 2024.

NOTE 5 – INTANGIBLE ASSETS

The Organization capitalized costs relating to the development and implementation of its financial and payroll software during 2021. The software was placed in service in January 2022 and was amortized using the straight-line method over three years. The software became fully amortized during 2024.

Amortization expense was $-0- and $16,091 for the years ended December 31, 2025 and 2024, respectively.

NOTE 6 – ENDOWMENT LIABILITY

Benetech received an endowment fund of $350,000 in March 2014 to support its programs for a term of five years. In 2017, Benetech received an additional endowment of $100,000 with the same term as the original endowment fund. In 2019, the endowment was extended for another five years through April 1, 2024. At the instruction of the donor, the principal of the endowment totaling $450,000 will be returned to the donor at the end of the five-year term. Any income generated from the endowment fund will be used only for program expenses. The principal of the endowment fund shall never be used unless agreed upon in writing. The provider reserves the right to reassign the principal of the endowment fund, creating a liability, to any qualified charitable institution (1) upon the expiration of the term, (2) when the Organization ceases to exist or is no longer a qualified charitable organization, or (3) fails to maintain the scope, quantity, and quality of the Organization's programs. From time to time, the endowment fund may have a fair value less than the amount required to be maintained by the donor. In 2024, the principal of the endowment was returned to the donor following the end of the five-year term.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are for the following purposes or periods:

	2025			
	December 31, 2024	*Contributions*	*Releases from Restrictions*	*December 31, 2025*
Bookshare	$ 1,566,629	$ 609,693	$ (1,268,038)	$ 908,284
Route 66	18,000	-	(18,000)	-
Human Rights	26,688	-	(26,688)	-
Benetech Labs	11,444	-	(11,444)	-
Other – Special Funding	-	369	-	369
	$ 1,622,761	$ 610,062	$ (1,324,170)	$ 908,653

	2024			
	December 31, 2023	*Contributions*	*Releases from Restrictions*	*December 31, 2024*
Bookshare	$ 628,390	$ 1,539,154	$ (600,915)	$ 1,566,629
Route 66	18,000	-	-	18,000
Human Rights	33,798	-	(7,110)	26,688
Benetech Labs	11,444	-	-	11,444
Other – Special Funding	67,790	2,881	(70,671)	-
	$ 759,422	$ 1,542,035	$ (678,696)	$ 1,622,761

NOTE 8 – LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments and has various sources of liquidity at its disposal, including cash and cash equivalents, and highly liquid investments. The Organization receives significant contributions and promises to give restricted by donors which are generally not available for general expenditures. Financial assets sourced from programs which are ongoing, major and central to the Organization's annual operations are considered available to meet cash needs for general expenditures.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization strives to maintain liquid financial assets sufficient to cover between one to two months of payroll expenses. As of December 31, 2025 and 2024, financial assets available for general expenditures covered approximately two months.

The following table reflects the Organization's financial assets as of December 31, 2025 and 2024, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Financial assets available for general expenditures within one year of the balance sheet date are comprised of the following:

	2025	2024
Financial assets at end of year available within one year:		
Cash and cash equivalents	$ 1,730,609	$ 1,977,439
Contributions receivable	517,925	902,073
Accounts receivable	248,619	195,152
	2,497,153	3,074,664
Less financial assets not available for general expenditures:		
Cash subject to expenditure for specific purpose	(702,620)	(1,212,150)
Contributions receivable for specific purpose	(206,033)	(204,578)
Financial assets available for general expenditures within one year	$ 1,588,500	$ 1,657,936

NOTE 9 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain categories of expenses are attributed to more than one program or supporting function that require consistent allocation on a reasonable basis. Expenses that are allocated include employee benefits and payroll taxes, outside services, facility and other office expenses, travel, communications, supplies, and miscellaneous expenses. These expenses have been allocated on the basis of salaries per function over total salaries of all functions.

NOTE 10 – GRANTS AND OTHER FEDERAL AWARDS

During the years ended December 31, 2025 and 2024, revenues received from government agencies through awards and grants representing 10% or more of the Organization's revenue consisted of the following amounts:

	2025	2024
U.S. Department of Education	$ 8,215,949	$ 8,750,223

Included in receivables as of December 31, 2025 and 2024 is approximately $311,892 and $659,282, respectively, from this government agency.

The above amounts consist of two federal awards for the years ended December 31, 2025 and 2024, and made up approximately 77% and 67%, respectively, of the Organization's total support and revenue. The federal award from U.S. Department of Education, DREAM Center, which has 2025 expenditures totaling $8,186,444 and $17,569,064 remaining award budget, has an award period that expires on September 30, 2027. The federal award from U.S. Department of Education, DREAM Stepping-up Technology Implementation, which has 2025 expenditures totaling $29,505 and $1,966,778 remaining award budget, has an award period that expires on September 30, 2030. A schedule of expenditures of federal awards is included as part of these financial statements.

NOTE 11 – RETIREMENT PLAN

The Organization maintains a 401(k) defined contribution plan for all eligible employees. Effective in 2025, the Organization adopted a safe harbor provision and contributes up to a maximum of 4% of the employees' gross salary. Employer contributions were $238,723 and $113,342 for 2025 and 2024, respectively.

NOTE 12 – COMMITMENTS AND CONTINGENCIES AND OTHER MATTERS

The Organization is involved in operating and maintaining a website to deliver electronic books online to individuals with disabilities using its Bookshare Program. Many of these books are under copyright, so that the program is operated in a manner that complies with Section 121 of the U.S. Copyright Act, which entails delivering the materials in specialized formats exclusively to individuals served who qualify as blind or print disabled. Management worked closely with other organizations for the blind and with the Association of American Publishers in developing the Bookshare system. In the process, considerable legal resources were devoted to ensuring compliance with the law, for which reason management is satisfied that there is little risk of any copyright infringement claims by copyright owners. Since establishment of the system, an increasing number of authors and publishers have volunteered the use of their books for the system, reducing the probability that any claims will occur.

The Organization works with schools and school districts to make Bookshare available to students in kindergarten through 12th grade. Some states have recently enacted, or are in the process of enacting, new laws concerning student privacy that may apply to the Bookshare Program. The Organization is working with outside counsel to analyze and respond to these new laws. Because of the nature of the services that the Organization provides, and because the laws are still in the process of being implemented, management is satisfied that there is little risk of any legal claims under these new laws.

The Organization is involved in providing technology tools (software) to assist the international human rights sector in collecting, safeguarding, organizing and disseminating information about human rights violations. Because of a concern over potential litigation about the security of information that may be collected and stored by users of these tools, the Organization utilizes multiple servers at various locations to store information collected. The redundancy of utilizing multiple servers provides additional safeguards against data loss. Management has determined that due to the low probability of actual legal liability and the inability to estimate any future potential liabilities, no loss reserve at year end has been accrued.

SUPPLEMENTARY INFORMATION

BENEFICENT TECHNOLOGY, INC.

DBA BENETECH

(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2025

Federal Grantor/Pass-Through Grantor/ Program Title	*Assistance Listing Number*	*Agency or Pass-Through Number*	*Federal Expenditures*	*Expenditures to Subrecipients*
U.S. Department of Education:				
Special Education – Education Technology, Media, and Materials for Individuals with Disabilities:				
Direct award	84.327D	H327D220002	$ 8,186,444	$ -
Special Education – Education Technology, Media, and Materials for Individuals with Disabilities: Stepping-up Technology Implementation				
Direct award	84.327S	H327S250042	29,505	-
Total U.S. Department of Education			8,215,949	-
TOTAL FEDERAL AWARDS			$ 8,215,949	$ -

BENEFICENT TECHNOLOGY, INC.

DBA BENETECH

(A California Nonprofit Public Benefit Corporation)

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2025

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activities of Benetech and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the financial statements. The purpose of the Schedule is to present a summary of those activities of Benetech for the year ended December 31, 2025, which have been financed by the U.S. Government. For purposes of the Schedule, federal awards include all federal assistance entered into directly and indirectly between Benetech and the federal government. Benetech did not elect to use the 15% de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – DESCRIPTION OF MAJOR PROGRAM

Special Education – Education Technology, Media, and Materials for Individuals with Disabilities Grant Program

The Special Education – Education Technology, Media, and Materials for Individuals with Disabilities Grant program is administered by the U.S. Department of Education. The purpose of this program is to: (1) improve results for children with disabilities by promoting the development, demonstration, and use of technology; (2) support educational media services activities designed to be of value in the classroom setting to children with disabilities; and (3) provide support for captioning and video description that is appropriate for use in the classroom setting. Funding to Benetech is provided directly from U.S. Department of Education.

BENEFICENT TECHNOLOGY, INC.

DBA BENETECH

(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2025

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	____ Yes	X None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?	____ Yes	X No

Identification of major program:	*Name of Federal Program or Cluster*
AL #84.327	Special Education – Education Technology, Media, and Materials for Individuals with Disabilities Grant Program
Dollar threshold used to distinguish between Type A and Type B programs:	$1,000,000

Auditee qualified as low-risk auditee?	____ Yes	X No

Section II – Financial Statement Findings

None noted.

Section III – Federal Awards Findings and Questioned Costs

None noted.

LINDQUIST
VON HUSEN
& JOYCE LLP
Certified Public Accountants

Charlotte Siew-Kun Tay
Cathy L. Hwang
Rita B. Dela Cruz
Scott K. Smith
Crisanto S. Francisco
Joe F. Huie
Kyle F. Ganley

Sherman G. Leong

Board of Directors
Beneficent Technology, Inc.
Palo Alto, California

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Beneficent Technology, Inc., 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, and have issued our report thereon dated June 2, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Beneficent Technology, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Beneficent Technology, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Beneficent Technology, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

BKR INTERNATIONAL
Certified Public Accountants, 301 Howard Street, Suite 850, San Francisco, California 94105
Telephone 415 957 9999 Facsimile 415 957 1629 http://www.lvhj.com
An Independent Member Firm of BKR International with Associates in Principal Cities Worldwide

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Beneficent Technology, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Beneficent Technology, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beneficent Technology, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lindquist, von Husen and Joyce LLP

June 2, 2026

LINDQUIST
VON HUSEN
& JOYCE llp
Certified Public Accountants

Charlotte Siew-Kun Tay
Cathy L. Hwang
Rita B. Dela Cruz
Scott K. Smith
Crisanto S. Francisco
Joe F. Huie
Kyle F. Ganley

Sherman G. Leong

Board of Directors
Beneficent Technology, Inc.
Palo Alto, California

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited Beneficent Technology, Inc.'s compliance, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Beneficent Technology, Inc.'s major federal program for the year ended December 31, 2025. Beneficent Technology, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Beneficent Technology, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2025.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Beneficent Technology, Inc and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for major federal program. Our audit does not provide a legal determination of Beneficent Technology, Inc's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provision of contracts or grant agreements applicable to Beneficent Technology, Inc.'s federal programs.

BKR INTERNATIONAL
Certified Public Accountants, 301 Howard Street, Suite 850, San Francisco, California 94105
Telephone 415 957 9999 Facsimile 415 957 1629 http://www.lvhj.com
An Independent Member Firm of BKR International with Associates in Principal Cities Worldwide

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion Beneficent Technology, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Beneficent Technology, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Beneficent Technology, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Beneficent Technology, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Beneficent Technology, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Lindquist, von Husen and Joyce LLP

June 2, 2026