KINGDOM KATALYST
dba K2 Hawaii
AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S
COMPILATION REPORT
As of and for the Year Ended December 31, 2025

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Kingdom Katalyst *dba K2 Hawaii* and Affiliates:

Management is responsible for the accompanying consolidated financial statements of Kingdom Katalyst *dba K2 Hawaii* and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the consolidated financial statements, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these consolidated financial statements.

CW Associates, CPAs

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Honolulu, Hawaii
July 20, 2026

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KINGDOM KATALYST *dba K2 Hawaii*
AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2025

ASSETS	
CURRENT ASSETS	
Cash (including interest-bearing accounts)	$ 282,032
Investments in marketable securities	268,897
Accounts receivable – net	55,166
Prepaid expenses and other current assets	3,134
Total current assets	609,229
PROPERTY AND EQUIPMENT – Net	-
DEPOSITS	5,229
OPERATING RIGHT-OF-USE ASSETS – Net	3,634,285
TOTAL ASSETS	$ 4,248,743
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	$ 59,656
Operating lease liabilities – net	127,290
Total current liabilities	186,946
OPERATING LEASE LIABILITIES – Noncurrent, net	3,620,586
TOTAL LIABILITIES	3,807,532
NET ASSETS	
Net assets without donor restrictions	314,881
Net assets with donor restrictions	126,330
Total net assets	441,211
TOTAL LIABILITIES AND NET ASSETS	$ 4,248,743

See accompanying notes to the consolidated financial statements and
independent accountant's compilation report.

KINGDOM KATALYST *dba K2 Hawaii*
AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	
Revenue and support	
Professional service income	$ 729,961
Church rental reimbursement	489,521
Net assets released from donor restrictions	188,799
Interest and investment income – net	20,134
Contributions without donor restrictions	12,994
Other income	230
Total revenue and support	1,441,639
Expenses	
Program services	1,231,137
Management and general	294,336
Total expenses	1,525,473
Decrease in unrestricted net assets	(83,834)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	
Contributions with donor restrictions	228,850
Net assets released from donor restrictions	(188,799)
Increase in net assets with donor restrictions	40,051
DECREASE IN NET ASSETS	(43,783)
NET ASSETS – Beginning of year	484,994
NET ASSETS – End of year	$ 441,211

See accompanying notes to the consolidated financial statements and independent accountant's compilation report.

KINGDOM KATALYST *dba K2 Hawaii*
AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2025

	Program Services	Management and General	Total
Lease rent	$ 517,621	$ 60,839	$ 578,460
Salaries and wages	454,294	62,633	516,927
Professional services	-	92,592	92,592
Charitable contributions	50,000	-	50,000
Meals	39,612	5,431	45,043
Employee benefits	38,615	5,266	43,881
Insurance	35,620	7,095	42,715
Payroll taxes	37,118	5,061	42,179
Office supplies	24,593	11,957	36,550
Outside services	-	35,973	35,973
Honorarium	14,440	-	14,440
Computer supplies and services	6,494	1,238	7,732
Dues, subscriptions, and licenses	5,272	719	5,991
Other	-	5,002	5,002
Telephone	3,890	530	4,420
Travel	3,568	-	3,568
Total expenses	$ 1,231,137	$ 294,336	$ 1,525,473

See accompanying notes to the consolidated financial statements and independent accountant's compilation report.

KINGDOM KATALYST *dba K2 Hawaii*
AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	$ (43,783)
Adjustments to reconcile decrease in net assets to net cash used by operating activities	
Operating lease payments less straight-line expenses	28,310
Net unrealized gain in marketable securities	(11,592)
Increase in	
Accounts receivable – net	(9,851)
Prepaid expenses and other current assets	(306)
Decrease in	
Accounts payable and accrued liabilities	(18,045)
Net cash used by operating activities	(55,267)
NET DECREASE IN CASH	(55,267)
CASH – Beginning of year	337,299
CASH – End of year	$ 282,032

See accompanying notes to the consolidated financial statements and independent accountant's compilation report.

KINGDOM KATALYST *dba K2 Hawaii*
AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Organization and Activity</u>

Kingdom Katalyst *dba K2 Hawaii* (K2) was incorporated in the State of Hawaii on August 14, 2012 to increase the effectiveness of Christian organizations by providing churches, ministries, and other non-profit organizations with a full range of affordable, professional-quality business and advancement services so that those organizations can more effectively focus on their own missions and ministries. K2 has three areas of emphasis in order to achieve its purpose: (1) offer below-cost administrative services to Christian organizations including, but not limited to, payroll support and tax and accounting assistance; (2) develop leaders in the church and religious non-profit community by hosting leadership forums and trainings; and (3) sponsor new charitable ventures within the church community.

K2 is the sole member of Path2Freedom LLC (P2F), a manager-managed Hawaii limited liability company organized in October 2017. P2F's mission is to promote and support Christian organizations by providing leadership development training with a Christian focus.

K2 is the sole member of K2 Development LLC (K2D), a manager-managed Hawaii limited liability company organized in May 2019. K2D's mission is to promote and support Christian organizations by providing real estate leasing and development solutions.

K2 is the sole member of On Time R.E.A.C.H. LLC (OTR), a manager-managed Hawaii limited liability company organized in November 2025. OTR's mission is to mentor youth and family connections through creative activities and support.

K2 is not liable for the debts, obligations, and liabilities of P2F, K2D, and OTR.

The consolidated financial statements include the accounts of K2, P2F, K2D, and OTR (collectively, K2 Hawaii), except that significant intercompany transactions have been eliminated in consolidation.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require K2 Hawaii to report information regarding its consolidated financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions consist of net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of K2 Hawaii. These net assets may be used at the discretion of K2 Hawaii's management and board of directors.

Net Assets with Donor Restrictions consist of net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of K2 Hawaii or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity (none in 2025)

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP 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 consolidated financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates, it is reasonably possible that such estimates may change within the near term, and such differences could be material to the consolidated financial statements.

Concentrations of Credit Risk

Financial instruments that potentially subject K2 Hawaii to credit risk include cash, investments in marketable securities, and accounts receivable. Cash on deposit with financial institutions was fully insured at December 31, 2025. Management evaluates the credit standing of these financial institutions to ensure that such deposits are adequately safeguarded. Accounts receivable, which have been reduced by estimated allowances for credits losses (none at December 31, 2025 and January 1, 2025), are determined to be collectible or uncollectible based on an assessment by management of the facts and circumstances related to the receivable account, including historical experience, and assessment of current and future economic conditions, and a review of subsequent collections. At January 1, 2025, accounts receivable was $45,315. Investments in marketable securities are insured by federal and private insurance as represented by the custodian. Future changes in market prices may make such investments less valuable.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in Marketable Securities

Investments in marketable securities are stated at fair value. Net realized and unrealized gains and losses are determined using the specific identification method.

Property and Equipment

Property and equipment is stated at cost or, if contributed, at estimated fair market value at the date of contribution. Depreciation is computed using the straight-line method over estimated useful lives of three to six years for computer equipment, and seven years for furniture, fixtures, and equipment. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Repairs and maintenance are expensed as incurred. Major improvements over $500 are capitalized.

Leases

Leases are evaluated as operating or finance leases upon commencement, and are accounted for accordingly. Specifically, a lease contains an explicitly or implicitly identified asset, K2 Hawaii retains substantially all of the economic benefits from the use of the underlying asset, and directs how and for what purpose the asset is used during the term of the lease in exchange for consideration. K2 Hawaii assesses whether a contract is or contains a lease at inception of the contract. See Note G for a summary of leases.

The lease term used to calculate the operating right-of-use asset and operating lease liability at the commencement of a lease includes the impacts of options to extend or terminate the lease. Existing economic conditions; the nature, length, and terms of the lease agreement; and the expected condition of the leased asset at the end of the lease term are factors in assessing the probability of an option to extend or terminate a lease.

The discount rate used to calculate the present value of lease payments is the rate implicit in the lease, when readily determinable; a secured incremental borrowing rate, when the rate implicit in the lease is not readily determinable; or a risk-free rate when a secured incremental borrowing rate is not available.

Real estate taxes, insurance, maintenance, and operating expenses applicable to the leased assets are generally obligations of K2 Hawaii. When such payments are fixed, they are included in the measurement of the operating lease liabilities and, when variable, are excluded and recognized in the period in which the obligation for those payments is incurred.

Leases that have a term of 12 months or less upon commencement are considered short-term in nature. Such leases are not included in the consolidated statement of financial position and are expensed on a straight-line basis over the lease term. K2 Hawaii's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Expense Recognition

Revenue is recognized when the goods or services are provided to a customer. Revenue from performance obligations satisfied over time consist of professional service income of $729,961. Revenue from sources other than performance obligations consists of other income of $230. Church rental reimbursement revenue of $489,521 is recognized on a straight-line basis over the lease term in accordance with applicable lease standards.

Expenses are recognized when the related liability is incurred. K2 Hawaii allocates its expenses on a functional basis among its various programs and supporting services based on estimates by management. Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service using natural expense classifications. Other expenses that are common to several functions are allocated based on the management's estimates of time spent by personnel.

Contributions

K2 Hawaii recognizes contributions when cash or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, which are those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Support is considered to be available for unrestricted use unless restricted by the donor. Donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction is satisfied or expires, net assets with donor restrictions are released to net assets without donor restrictions.

In-Kind Contributions

In-kind contributions of goods and services that meet the criteria for recognition are reflected as contributions at their estimated fair market value at the date of donation, and are recorded as assets or expenses in the same amount (none in 2025). Donated services are recognized as contributions if the services create or enhance nonfinancial assets, or require specialized skills that are performed by people with those skills and would otherwise be purchased by K2 Hawaii. A number of unpaid volunteers have made contributions of their time to K2 Hawaii. The value of this time is not reflected in the consolidated financial statements because it does not meet the criteria for recognition.

Hawaii General Excise Tax

The State of Hawaii imposes a general excise tax of 4% on certain gross receipts of K2 Hawaii within Hawaii, plus an additional 0.5% on such gross receipts within the City and County of Honolulu. During the year ended December 31, 2025, Hawaii general excise tax amounted to $2,760, and is included in other expenses.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

K2 Hawaii is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation. Accordingly, qualifying contributions to K2 Hawaii are tax deductible. P2F and K2D are organized as limited liability companies. Under existing provisions of the U.S. Internal Revenue Code, the income or loss of a limited liability company is recognized by its member for income tax reporting purposes. Accordingly, a provision for income taxes is not included in the accompanying consolidated financial statements.

U.S. GAAP requires uncertain tax positions to be recognized in the consolidated financial statements if they are more likely than not to fail upon regulatory examination. Management has evaluated K2 Hawaii's tax positions as of December 31, 2025 and for the year then ended, and determined that it had no uncertain tax positions required to be reported in accordance with U.S. GAAP. K2 Hawaii is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any open tax periods.

NOTE B – LIQUIDITY

K2 Hawaii monitors liquidity required to meet its operating needs and other contractual commitments. K2 Hawaii has various sources of liquidity available for use including cash, investments in marketable securities, and accounts receivable. Accounts receivable are subject to implied time restrictions, but are expected to be collected within one year.

At December 31, 2025, K2 Hawaii's financial assets and amounts of those assets that are readily available within one year of the consolidated statement of financial position date to meet general expenditures are as follows:

Cash (including interest-bearing accounts)	$ 282,032
Investments in marketable securities	268,897
Accounts receivable – net	55,166
Total financial assets	606,095
Net assets with donor restrictions	(126,330)
Financial assets available to meet cash needs for general expenditures within one year	$ 479,765

NOTE C – INVESTMENT IN MARKETABLE SECURITIES

At December 31, 2025, investments in marketable securities consisted of investments in U.S. treasury notes of $268,897.

NOTE D – FAIR VALUE MEASUREMENTS

U.S. GAAP provides a hierarchy that prioritizes the inputs to valuation methodologies used to measure fair value. There are three levels of the fair value hierarchy. Level 1 inputs to the valuation methodologies consist of unadjusted quoted prices for identical assets or liabilities in active markets that K2 Hawaii has the ability to access. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs are unobservable and significant to the fair value measurement. The fair value measurement level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation methodologies used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

At December 31, 2025, the fair value measurements reportable by K2 Hawaii (see Note C) consisted of an investment in U.S. treasury notes valued using quoted market prices (Level 1 measurement). There were no investments for which Level 2 or 3 valuation inputs were required. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

NOTE E – PROPERTY AND EQUIPMENT

At December 31, 2025, property and equipment consisted of the following:

Computer equipment	$ 4,327
Furniture, fixtures, and equipment	880
Total	5,207
Accumulated depreciation	(5,207)
Property and equipment – net	$ -

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2025, net assets with donor restrictions for programs consisted of the following:

Path2Freedom	$ 66,760
On Time R.E.A.C.H	25,552
Kingdom Collective	17,231
Japan initiatives	5,060
Lifestyle Coaching	5,534
Church events	4,566
Kupuna care	852
Camp Kakou	775
Total donor restricted net assets	$ 126,330

NOTE G – LEASES

K2 and OTR lease office space under operating leases that expire in December 2040 and December 2028. One of the office spaces are sublet from a company in which the Chairman of K2 Hawaii has a financial interest. Under the related party lease agreement, rent expense amounted to $14,743 for the year ended December 31, 2025.

K2D was assigned facility leases expiring at various dates through December 2040 from churches that are branches of International Church of the Foursquare Gospel. K2D leased the space back to these churches under sublease agreements expiring through December 2040. The terms of certain of these subleases include provisions for taxes, insurance, maintenance, and other incidental expenses related to the property to be paid by the churches. Under these agreements, church rental reimbursement revenue amounted to $489,521 and lease rent expense amounted to $517,621 for the year ended December 31, 2025.

As Sublessor

At December 31, 2025, future minimum receipts as sublessor consisted of the following:

Years Ending December 31st	
2026	$ 418,000
2027	$ 418,000
2028	$ 418,000
2029	$ 408,000
2030	$ 408,000
Thereafter (cumulative)	$ 4,071,081

NOTE G – LEASES (Continued)

As Lessee

The lease costs comprising rent expense for the year ended December 31, 2025 were as follows:

Operating lease costs	$ 406,972
Variable lease costs	171,488
Total lease costs	$ 578,460

The following table summarizes the supplemental cash flow information related to the operating leases and weighted average lease term and discount rate as of December 31, 2025:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ 378,662
Weighted-average remaining lease term	14.9 years
Weighted-average discount rate based on incremental borrowing rate	7%

At December 31, 2025, the following table reconciles the undiscounted cash flows for the operating lease liabilities on the consolidated statement of financial position:

Years Ending December 31st	
2026	$ 383,491
2027	397,366
2028	397,679
2029	386,949
2030	387,092
Thereafter (cumulative)	4,134,614
Total minimum lease payments	6,087,191
Amount of lease payments representing interest	(2,339,315)
Present value of future minimum lease payments	3,747,876
Operating lease liabilities – current	(127,290)
Operating lease liabilities – noncurrent	$3,620,586

NOTE H – COMMITMENTS AND CONTINGENCIES

K2 Hawaii may be subject to legal proceedings, claims, or litigation arising in the ordinary course of business for which it may seek the advice of legal counsel. Management estimates that the cost to resolve such matters, if any, would not be material to the consolidated financial statements. However, it is reasonably possible that such estimates may change within the near term.

K2 Hawaii operates in the State of Hawaii. Local, national, and international events have severe, adverse effects on economic conditions in Hawaii. These consolidated financial statements do not include the adjustments that would result if K2 Hawaii were to account for future losses or asset impairments, as the effects on the consolidated financial statements of K2 Hawaii from such changes in economic conditions are not presently determinable.

NOTE I – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 20, 2026, which is the date the consolidated financial statements were available to be issued, and determined that K2 Hawaii did not have any subsequent events requiring adjustment to the consolidated financial statements or disclosure in the notes to the consolidated financial statement.