Audited Financial Statements

embrace global

December 31, 2025

Quigley & Miron

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Quigley & Miron

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Independent Auditor's Report

Board of Directors
Embrace Global
Murrieta, California

Opinion

We have audited the accompanying financial statements of Embrace Global, 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 Embrace Global 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 (GAAS). 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 Embrace Global 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 Embrace Global's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 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, 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 Embrace Global'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 Embrace Global'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.

Quigley & Miron

Los Angeles, California
May 8, 2026

Embrace Global
Statement of Financial Position
December 31, 2025

Assets		
Cash and cash equivalents	$	550,264
Contributions receivable, net—Note 4		723,028
Prepaid expenses		191,209
Property and equipment, net—Note 5		2,481
Total Assets	**$**	**1,466,982**
Liabilities and Net Assets		
Accounts payable and accrued expenses	$	2,097
Total Liabilities		**2,097**
Net Assets		
Without donor restrictions		741,847
With donor restrictions—Note 7		723,038
Total Net Assets		**1,464,885**
Total Liabilities and Net Assets	**$**	**1,466,982**

See notes to financial statements.

Embrace Global
Statement of Activities
Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Support and Revenues			
Contributions	$ 1,067,121	$ 265,000	$ 1,332,121
In-kind contributions—Note 8	29,422		29,422
Other income	245		245
Interest income	12,191		12,191
Net assets released from restrictions	393,383	(393,383)	
Total Support and Revenues	**1,502,362**	**(128,383)**	**1,373,979**
Expenses			
Neonatal hypothermia program	712,553		712,553
Management and general	96,921		96,921
Fundraising	218,149		218,149
Total Expenses	**1,027,623**		**1,027,623**
Change in Net Assets	**474,739**	**(128,383)**	**346,356**
Net Assets at Beginning of Year	**267,108**	**851,421**	**1,118,529**
Net Assets at End of Year	**$ 741,847**	**$ 723,038**	**$ 1,464,885**

See notes to financial statements.

Embrace Global
Statement of Functional Expenses
Year Ended December 31, 2025

	Neonatal Hypothermia Program	Management and General	Fundraising	Total
Salaries	$ 186,869	$ 46,212	$ 127,143	$ 360,224
Payroll taxes	15,741	3,394	9,052	28,187
Employee benefits	13,053	3,820	8,925	25,798
Total Personnel Expenses	**215,663**	**53,426**	**145,120**	**414,209**
Incubators	279,333			279,333
Professional fees	109,690	5,220	20,899	135,809
Accounting	14,330	14,331	14,331	42,992
Travel	21,387	2,728	18,202	42,317
Postage and shipping	40,672			40,672
Dues and subscriptions	8,504	7,113	7,113	22,730
Information technology	10,925	4,175	4,175	19,275
Compliance and state fees	4,380	4,380	4,380	13,140
Insurance	1,236	1,237	1,237	3,710
Legal services	3,374	117	117	3,608
Telephone	780	780	780	2,340
Conferences and events	1,280		480	1,760
Supplies and equipment	498	498	498	1,494
Depreciation		1,323		1,323
Miscellaneous expenses		1,092		1,092
Occupancy	268	268	268	804
Bank charges	233	233	233	699
Website maintenance			316	316
Total Expenses	**$ 712,553**	**$ 96,921**	**$ 218,149**	**$ 1,027,623**

See notes to financial statements.

Embrace Global
Statement of Cash Flows
Year Ended December 31, 2025

Cash Flows from Operating Activities		
Change in net assets	$	346,356
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		1,323
Changes in operating assets and liabilities:		
Contributions receivable, net		84,941
Prepaid expenses		(88,272)
Accounts payable and accrued expenses		(33,859)
Net Cash Provided by Operating Activities		**310,489**
Cash Flows from Investing Activities		
Purchases of property and equipment		(1,313)
Net Cash Used in Investing Activities		**(1,313)**
Increase in Cash and Cash Equivalents		**309,176**
Cash and Cash Equivalents at Beginning of Year		**241,088**
Cash and Cash Equivalents at End of Year	**$**	**550,264**
Supplementary Disclosures		
Interest paid	$	
Income taxes paid	$	

See notes to financial statements.

Note 1—Organization

Embrace Global's mission is to provide every infant in the world access to incubators to help regulate their body temperature regardless of where they live and if they can afford it. At Embrace Global, we believe every baby deserves a chance at life—no matter where they are born. Our mission is simple: to create a world where every baby has access to the critical warmth they need to survive and thrive. Each year, more than 13 million babies are born premature. Complications from preterm birth and low birth weight are the leading causes of death among children worldwide. Most of these deaths are preventable – yet traditional incubators remain out of reach for many communities due to high costs, unreliable electricity, and the lack of trained healthcare professionals. Embrace Global was incorporated in the State of California in 2021 and is exempt from tax under section 501(c)(3) of the internal revenue code.

Our focus areas include:

- Emergency relief: we rapidly deploy incubators to humanitarian crises.
- Supporting equity: we donate incubators to countries with high infant mortality rates, working with trusted partners to deliver incubators where they are needed most.
- Access & collaboration: we partner with non-governmental organizations, UN agencies, and governments to provide incubators and training.

Embrace Global's portable incubator provides a practical, affordable solution. Using innovative phase-change material, it maintains 98°F for 4 to 6 hours without continuous electricity. Lightweight, portable, and easy to use, it complements kangaroo mother care and can be reused hundreds of times, making it ideal for underserved regions.

In 2025, we reached over 790,000 babies across 25 countries, delivering our life-saving portable incubators to some of the world's most vulnerable regions. From responding swiftly to humanitarian crises in Gaza, Ukraine, and Yemen, strengthening partnerships in Zambia and Syria, we have continued to expand our impact and bring hope to families in need.

Note 2—Summary of Significant Accounting Policies

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Embrace Global's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of Embrace Global and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of Embrace Global. These net assets may be used at the discretion of Embrace Global's management and the board of directors.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of Embrace Global and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit Embrace Global to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Note 2—Summary of Significant Accounting Policies—*Continued*

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Embrace Global's portable incubator program. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature. Embrace Global did not engage in any reportable nonoperating activities during the year ended December 31, 2025.

Income Taxes—Embrace Global is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the financial statements.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2025. Generally, Embrace Global's information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash and Cash Equivalents—For purposes of the statement of cash flows, Embrace Global considers all highly liquid investments available for current use with a maturity of three months or less when purchased to be cash equivalents.

Concentration of Credit Risk—Financial instruments which potentially subject Embrace Global to concentrations of credit risk consist of cash and cash equivalents and contributions receivable.

Embrace Global places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. Such cash balances are normally not in excess of FDIC insurance limits.

While Embrace Global is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf, Embrace Global's management has assessed the credit risk associated with its cash deposits at December 31, 2025 and believes it is not exposed to any significant credit risk with its cash and cash equivalents and investments.

Contributions receivable at December 31, 2025 are due from a nonprofit organization well-known to Embrace Global, with a favorable past payment history. Management of Embrace Global has assessed the credit risk associated with these accounts receivable and has determined that an allowance for doubtful accounts is not necessary.

For the year ended December 31, 2025, one donor represented 100% of total contributions receivable, net.

In-Kind Contributions—Embrace Global records the value of donated materials and services at their fair value at the date of donation. In-kind services are recorded only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Interest Income—Interest income earned on cash equivalents is recognized when received and is reported as interest income under support and revenues in the statement of activities.

Note 2—Summary of Significant Accounting Policies—*Continued*

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. Salaries, payroll taxes, and employee benefits are allocated on the basis of estimates of time and effort. Accounting, dues and subscriptions, bank charges, occupancy, insurance, telephone, and supplies and equipment are allocated on a proportional basis. All other functional expenses are charged directly to programs or the management and general and fundraising functional categories.

Use of Estimates—The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Note 3—Availability and Liquidity

Embrace Global's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately $260,000). The following represents the availability and liquidity of Embrace Global's financial assets at December 31, 2025 to cover operating expenses for the next fiscal year:

Cash and cash equivalents	$	550,264
Contributions receivable, net		100,000
Current Availability of Financial Assets	**$**	**650,264**

Note 4—Contributions Receivable, Net

The maturities of contributions receivable as of December 31, 2025 are as follows:

Year Ending December 31,		
2026	$	100,000
2027		100,000
2028		100,000
2029		100,000
2030		100,000
Thereafter		300,000
Gross		**800,000**
Less present value discount of 3%		(76,972)
Net	**$**	**723,028**

Note 5—Property and Equipment, Net

Net property and equipment at December 31, 2025 consists of the following:

Equipment	$	4,516
Less accumulated depreciation		(2,035)
Net	**$**	**2,481**

Depreciation expense totaled $1,323 for the year ended December 31, 2025.

Note 6—Contingencies

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantor. Although that is a possibility, Embrace Global deems the contingency remote, since it has made its best efforts to comply in all material respects with the provisions of each grant.

Note 7—Net Assets with Donor Restrictions

Net assets with donor restrictions for the year ended December 31, 2025 are as follows:

Subject to time restrictions:		
General operations	$	723,038
Total Net Assets with Donor Restrictions	**$**	**723,038**

Net assets released from donor restrictions for the year ended December 31, 2025 are as follows:

Satisfaction of purpose restrictions:		
Emergency response	$	200,000
Sudan		50,000
Gaza		43,452
Democratic Republic of Congo		5,000
Ethiopia		5,000
Yemen		5,000
Total Satisfaction of Purpose Restrictions		**308,452**
Satisfaction of passage of time:		
General operations		84,931
Total Net Assets Released from Donor Restrictions	**$**	**393,383**

Note 8—In-Kind Contributions

In-kind contributions included in the statement of activities under the support and revenues caption are comprised of the following for the year ended December 31, 2025:

	Valuation Techniques and Inputs	Utilization in Programs/Activities	Donor Restrictions	Revenue Recognized
Postage and shipping	Quote based for shipping 300 units	Incubator Program	None	$ 19,414
Legal services	Estimated based on current rates of legal services provided by law firm	Incubator Program	None	3,258
Information technology	Estimated based on current rates of information technology services provided by a consultant	Incubator Program and Fundraising	None	6,750
			Total	**$ 29,422**

Note 9—Subsequent Events

Management evaluated all activities of Embrace Global through May 8, 2026, which is the date the financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.