



*FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH COMPARATIVE REVIEWED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024*

THE BOOK FAIRIES, INC.

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH COMPARATIVE REVIEWED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Book Fairies, Inc.
Hicksville, New York



Opinion

We have audited the accompanying financial statements of The Book Fairies, Inc. (hereinafter the "Book Fairies"), 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 accompanying financial statements present fairly, in all material respects, the financial position of the Book Fairies as of December 31, 2025, and the changes in its net assets and its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Book Fairies 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.

Other Matter - Report on the December 31, 2024 Financial Statements

The December 31, 2024 financial statements were reviewed by us and our report thereon, dated April 22, 2025, stated we were not aware of any material modifications that should be made to those statements for them to be in accordance with accounting principles generally accepted in the United States of America. A review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 the Book Fairies' ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement 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 the Book Fairies' 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Book Fairies' 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.

Corin & Associates LLP

May 14, 2026
Bohemia, NY

THE BOOK FAIRIES, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

Audited
2025

Unaudited
2024

ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 763,553	\$ 683,701
Contributions and grants receivable	130,000	-
Donated book inventory.....	14,449	7,037
Prepaid expenses.....	5,595	6,433
TOTAL CURRENT ASSETS	913,597	697,171
Property and equipment, net of accumulated depreciation.....	43,595	48,933
Operating lease right-of-use asset.....	300,347	-
Security deposit.....	10,215	-
TOTAL ASSETS	\$ 1,267,754	\$ 746,104
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable.....	\$ 16,826	\$ 15,758
Accrued expenses.....	46,740	17,176
Current portion of operating lease liability	115,042	-
TOTAL CURRENT LIABILITIES	178,608	32,934
Operating lease liability, net of current portion	187,481	-
TOTAL LIABILITIES	366,089	32,934
Net Assets:		
Without donor restrictions.....	735,693	713,170
With donor restrictions.....	165,972	-
TOTAL NET ASSETS	901,665	713,170
TOTAL LIABILITIES AND NET ASSETS	\$ 1,267,754	\$ 746,104

THE BOOK FAIRIES, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025 - Audited

SUPPORT AND REVENUE	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Contributions and grants.....	\$ 664,382	\$ 240,000	\$ 904,382
Book sales.....	35,103	-	35,103
Registration fees.....	14,320	-	14,320
Other income.....	23,688	-	23,688
Donated books and services.....	184,150	-	184,150
Event income, net of direct expenses of \$19,785.....	55,849	-	55,849
Net assets released from restrictions.....	74,028	(74,028)	-
TOTAL SUPPORT AND REVENUE	1,051,520	165,972	1,217,492
EXPENSES			
Program services.....	706,468	-	706,468
General and administrative.....	124,193	-	124,193
Fundraising.....	198,336	-	198,336
TOTAL EXPENSES	1,028,997	-	1,028,997
CHANGE IN NET ASSETS	22,523	165,972	188,495
Net assets, beginning of year.....	713,170	-	713,170
Net assets, end of year.....	<u>\$ 735,693</u>	<u>\$ 165,972</u>	<u>\$ 901,665</u>

THE BOOK FAIRIES, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024 - Unaudited

SUPPORT AND REVENUE	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Contributions and grants.....	\$ 675,923	\$ -	\$ 675,923
Book sales.....	42,446	-	42,446
Registration fees.....	11,350	-	11,350
Other income.....	16,255	-	16,255
Donated books and services.....	185,581	-	185,581
Event income.....	-	-	-
Net assets released from restrictions.....	-	-	-
TOTAL SUPPORT AND REVENUE	931,555	-	931,555
EXPENSES			
Program services.....	569,545	-	569,545
General and administrative.....	79,899	-	79,899
Fundraising.....	163,681	-	163,681
TOTAL EXPENSES	813,125	-	813,125
CHANGE IN NET ASSETS	118,430	-	118,430
Net assets, beginning of year.....	594,740	-	594,740
Net assets, end of year.....	\$ 713,170	\$ -	\$ 713,170

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025 - Audited

	Program Services	General and Administrative	Fundraising	Total
Salaries, payroll taxes, and benefits.....	\$ 334,726	\$ 67,471	\$ 135,291	\$ 537,488
Professional fees.....	39,625	25,500	41,251	106,376
Office supplies and expenses.....	13,900	6,681	390	20,971
Insurance.....	9,455	5,026	-	14,481
Marketing.....	9,343	18	562	9,923
Meetings and travel.....	6,143	814	-	6,957
Contributions.....	21,176	186	-	21,362
Bank fees.....	-	56	-	56
Processing fees.....	852	2,173	10,992	14,017
Miscellaneous.....	1,476	1,904	9,850	13,230
Donated book expense.....	170,438	-	-	170,438
Occupancy expense.....	93,996	14,364	-	108,360
Depreciation expense	5,338	-	-	5,338
TOTAL EXPENSES	\$ 706,468	\$ 124,193	\$ 198,336	\$ 1,028,997

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024 - Unaudited

	Program Services	General and Administrative	Fundraising	Total
Salaries, payroll taxes, and benefits.....	\$ 230,255	\$ 53,212	\$ 94,148	\$ 377,615
Professional fees.....	31,147	6,985	44,728	82,860
Office supplies and expenses.....	15,485	6,094	1,337	22,916
Insurance.....	6,287	3,542	-	9,829
Marketing.....	9,849	-	1,056	10,905
Meetings and travel.....	6,671	717	425	7,813
Contributions.....	37,597	-	47	37,644
Bank fees.....	-	-	-	-
Processing fees.....	581	1,184	12,340	14,105
Miscellaneous.....	980	250	9,600	10,830
Donated book expense.....	185,106	-	-	185,106
Occupancy expense.....	41,139	7,915	-	49,054
Depreciation expense.....	4,448	-	-	4,448
TOTAL EXPENSES	\$ 569,545	\$ 79,899	\$ 163,681	\$ 813,125

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of The Book Fairies, Inc. (hereinafter, the “Book Fairies”) is presented to assist in understanding the Book Fairies’ financial statements. The financial statements and notes are representations of the Book Fairies’ management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (“US GAAP”) and have been consistently applied in the preparation of the financial statements.

Organization: The Book Fairies, a non-profit organization, is located in Hicksville, New York. The Book Fairies collects reading materials for people in need throughout metropolitan New York. The reading materials foster literacy and academic success, provide a respite from personal struggles, and nurture a love of reading across age groups.

The Book Fairies’ major programs include Community Initiatives, Children’s Education Events, and the Global Literacy Partnership. Community Initiatives supplies, maintains, and refreshes books for shelves in various sites in underserved communities to improve access to books and encourage reading through varied and high-interest selections. Children’s Education Events provide literacy programming to students in high-need districts through community book fairs, free schoolbook fairs, summer totes, and special giveaways. The Global Literacy Partnership involves partnering with organizations that provide much-needed school supplies to disadvantaged schools in Africa.

Income Tax Status: The Book Fairies is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is publicly supported. The Book Fairies is also exempt from state and local taxes. The Book Fairies management has evaluated for uncertain tax positions and determined that there were no uncertain positions for 2025 and 2024.

The Book Fairies is supported by donations from the general public. The Book Fairies files an IRS Form 990 and respective state and local tax returns. These tax returns are subject to review and examination by federal, state, and local authorities. Management of the Book Fairies believes that it has registered in all states where its activities require it be registered.

Basis of Accounting: These financial statements are presented on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred.

Financial Statement Presentation: The Book Fairies is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Book Fairies.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Net assets with donor restrictions: 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 the Book Fairies or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donors may stipulate the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Estimates: The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents: The Book Fairies considers all money market accounts and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Contributions and Grants Receivable: Receivables are stated at the amount management expects to collect from outstanding balances. The Book Fairies considers receivables past due or delinquent when payments have not been received in a timely manner, and receivables are written off when management deems the possibility of collecting amounts due as completely unlikely. The Book Fairies closely monitors outstanding balances for all receivables and adheres to a standard set of protocols for collection activities to be undertaken at certain times based upon delinquency status.

As of December 31, 2025, management determined that all receivables were fully collectible and, accordingly, no allowance for doubtful accounts was recorded.

Property and Equipment: Property and equipment are stated at their original costs at the dates of acquisition or, if contributed, at their fair values at the time of donation. Expenditures for additions and improvements in excess of \$1,000 are capitalized and minor replacements, maintenance, and repairs are charged to expense when incurred. Depreciation is computed using the straight-line method over the estimated useful life of the related asset, which is 10 years.

Contributions and Grants: Contributions and grants are recognized when the donor makes a promise to give to the Book Fairies that is, in substance, unconditional. Donor-restricted contributions and grants are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional contributions and grants are accounted for as a liability or are not recognized as revenue initially, until the barriers to entitlement are overcome, at which point contributions and grants are recognized as unconditional and classified as either net assets with donor restrictions, or net assets without donor restrictions.

Book Sales: Revenue from book sales is recognized when the books are delivered to the customer.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Event Income: Revenue from fundraising events is recognized when the event takes place. Costs for which donors receive a direct benefit have been offset against gross proceeds from events.

Donated Book Inventory: Donated inventory is recorded at fair value at the time of the donation. The Book Fairies reviews the carrying value of its inventory for possible impairment whenever events or changes in circumstances indicate that the fair value may have declined since it was originally acquired. An impairment loss would be recognized when the fair value of the inventory is lower than the carrying amount, in which case a write-down is recorded to reduce the related asset to its estimated fair value.

Donated Book Income and Expense: The Book Fairies receives and distributes donated books. Management measures the fair value of donated books based on an estimated salvage value for used books of \$0.20 per book. Management has estimated the value of the donated books received during the years ended December 31, 2025 and 2024 to be \$177,850 and \$185,581, respectively. The estimated fair market value of received books has been included in the accompanying statements of activities. Management has estimated the value of the donated books distributed during the years ended December 31, 2025, and 2024 to be \$170,438 and \$185,106, respectively. The estimated fair market value of distributed books has been included in the accompanying statements of functional expenses. There were no donor-imposed restrictions associated with the in-kind donations.

Donated Services: The Book Fairies benefits from volunteer services, which help to advance the Book Fairies' mission. Management estimated the value of in-kind accounting services received during the year ended December 31, 2025 to be \$6,300, which is based on the price that would have been paid to purchase these services. There were no amounts of donated services reflected in the financial statements for the year ended December 31, 2024. The estimated fair market value of donated services has been included as part of professional fees in the accompanying statement of functional expenses. There were no donor-imposed restrictions associated with the in-kind donations.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated by management among the program, general and administrative, and fundraising categories. Most costs incurred by the Book Fairies are directly assignable to these categories. Those costs that cannot be directly assigned are allocated based upon reasonable allocation methodologies, the most significant of which are:

- Salaries, payroll taxes, and benefits are allocated based upon estimated time spent on program related, general and administrative, and fundraising functions.
- Professional fees are allocated based upon underlying use of the services.
- Occupancy expense is allocated based upon respective use of facilities.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Events Occurring After Report Date: The Book Fairies has evaluated events and transactions that occurred between January 1, 2026 and May 14, 2026, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 2 - NET ASSETS WITH DONOR RESTRICTIONS

The Book Fairies did not have net assets with donor restrictions as of December 31, 2024. Net assets were restricted for the following purposes as of December 31, 2025:

Moving and future rent.....	\$	125,972
Purchase of equipment for operations		15,000
Building home libraries program.....		25,000
Total net assets with donor restrictions	\$	165,972

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment, net of accumulated depreciation consisted of the following as of December 31,:

	2025	2024
Vehicle	\$ 53,381	\$ 53,381
Less: accumulated depreciation.....	(9,786)	(4,448)
Net property and equipment.....	\$ 43,595	\$ 48,933

NOTE 4 - CONCENTRATION OF RISK

The Book Fairies maintains cash in bank accounts with what it believes to be quality financial institutions which are insured by the Federal Deposit Insurance Corporation and the National Credit Union Administration. The Book Fairies has not incurred any losses in such accounts to date.

During the years ended December 31, 2025 and 2024, approximately 37% and 28%, respectively, of the Book Fairies' total contribution revenue was derived from its three largest donors.

As of December 31, 2025, approximately 98% of the Book Fairies' total contributions and grants receivable was due from two donors.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 5 - LEASE COMMITMENTS

Effective September 2022, the Book Fairies leased warehouse space from family members of a board member on a month-to-month basis. Effective January 1, 2023, the Book Fairies entered into a formal lease agreement for a one-year term, requiring a base monthly rent payment of \$3,200. The lease was renewed for another year, requiring monthly rent payments of \$3,500 effective December 1, 2023. As this lease did not exceed one year in duration, it was classified as a short-term lease that is not subject to the provisions of Accounting Standards Codification 842, *Leases*, requiring the recognition of a right-of-use asset and lease liability.

During December 2023, an addendum to the lease was signed to continue the lease terms starting January 1, 2024 until written termination by either party was received on a month-to-month basis. The monthly rent for the year ended December 31, 2025 increased to \$3,675 and was set to increase 5% in each subsequent year. This lease was freely terminable by either party upon 180 days' notice in writing to the other party.

The Book Fairies provided notice to vacate on October 6, 2025 and remained responsible for rental obligations for a remaining six months. The Book Fairies continued to pay its monthly rental obligation for October, November and December of 2025. In December 2025, the Book Fairies negotiated a lease buyout agreement of \$8,000 to settle the remaining rental obligations for the final three months and all lease responsibilities were terminated as of December 31, 2025.

Rent expense under this operating lease, inclusive of the rent buyout described above, totaled \$52,100 and \$42,000 for the years ended December 31, 2025 and 2024, respectively and is included in occupancy expense in the accompanying statements of functional expenses.

During October 2025, the Book Fairies entered into a non-cancellable, long-term agreement to lease warehouse space in Hicksville, New York. The lease requires fixed monthly payments of \$10,215, with annual escalations over the lease term, which expires June 30, 2028.

Operating lease costs comprising right-of-use asset amortization for this warehouse totaled \$31,354 for the year ended December 31, 2025, and is included in occupancy expense in the accompanying statement of functional expenses. Operating cash flows from the operating lease totaled \$29,179 for the year ended December 31, 2025.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liability for the years ending December 31,:

2026.....	\$	123,496
2027.....		127,201
2028.....		65,021
Total future minimum payments.....		315,718
Less: present value discount.....		(13,195)
Present value.....	\$	302,523

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 5 - LEASE COMMITMENTS (continued)

The remaining lease term (in months) and discount rate for the above-mentioned lease were as follows as of December 31, 2025:

Remaining lease term	30
Discount rate	3.52%

The Book Fairies has elected to use the risk-free rate as the discount rate at the lease commencement date.

NOTE 6 - AVAILABILITY AND LIQUIDITY

The following represents the Book Fairies’ financial assets at December 31,:

	2025	2024
Cash and cash equivalents.....	\$ 763,553	\$ 683,701
Contributions and grants receivable.....	130,000	-
Total financial assets	893,553	683,701
Less amounts not available to be used within one year for general operations:		
Net assets with donor restrictions.....	(165,972)	-
Financial assets available to meet general expenditures over the next twelve months	\$ 727,581	\$ 683,701

The Book Fairies’ goal is to maintain financial assets to cover operating expenses for ninety days (approximately \$209,000).

NOTE 7 - EMPLOYEE BENEFIT PLAN

Effective January 1, 2023, the Book Fairies sponsors a 401(k) plan (the “Plan”) that covers substantially all employees upon completing six months of service. Upon meeting eligibility requirements, employees are automatically enrolled at 3% of compensation. The Plan provides for employer discretionary contributions. The Book Fairies contributed \$11,418 and \$8,733 to the Plan during the years ended December 31, 2025 and 2024, respectively.