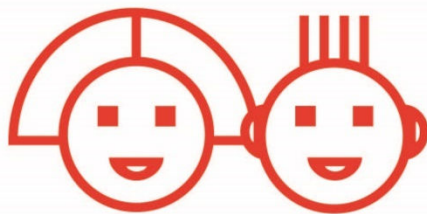




SJT GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS



GROWING UP
New Mexico

THE **EARLY CHILDHOOD** PARTNERSHIP

Financial Statements
and Independent Auditor's Report

June 30, 2025 and 2024

Growing Up New Mexico

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Growing Up New Mexico

Management Review of Operations

As of and For the Year Ended June 30, 2025

Growing Up New Mexico: The Early Childhood Partnership is a unique organization in New Mexico focused exclusively on early childhood education and care. Our team delivers multi-generational family support and opportunity building programs for families with young children, while influencing local and statewide policies and systems that prioritize children, prenatal through age five, and the adults in their lives.

Financial Condition

Growing Up New Mexico, Inc. finished fiscal year 2025 with a decrease in net assets of \$20,120. Growing Up New Mexico's cash balance was \$292,290. In fiscal year 2025, Growing Up New Mexico, Inc. no longer collected on outstanding pledges. Any outstanding pledges, if collected, will be recorded for the current year versus prior years. Our liabilities totaled \$2,004,810. Our net assets were \$4,390,680.

Results of Operations

With a continued emphasis on early childhood programs expanding under the New Mexico Early Childhood Education and Care Department, all of our programs have experienced significant growth and evolution in the past few years. In FY25, significant growth continued in business development and quality care support for home-based caregivers. This continued to result in some earned income for early childhood related services. Home visiting also expanded significantly, adding additional slots and shifting to reporting the number of children served rather than families served. Efforts continued to grow to include New Mexico families in research and policy development. We have also been supported with continued and new funding from private donors like the Community Health Funders Alliance, the Brindle Foundation, CHRISTUS St. Vincent Regional Medical Center, Anchorum Foundation, Child Care NEXT, and the W.K. KELLOGG Foundation. Grants from the City of Santa Fe and Santa Fe County have also continued to support local services. This sustained and new grant revenue, in combination with more charitable giving through annual fundraising efforts, has enabled Growing Up New Mexico to continue its momentum.

Our Mission

The mission of Growing Up New Mexico is to engage the whole community, bringing together people and resources to create increased opportunities for young children and the adults in their lives to achieve their dreams and aspirations. Growing Up New Mexico's Early Learning Programs, housed at the Kaune Campus, move us towards achieving that mission and significantly inform our work in policy, advocacy, and systems building as New Mexico continues to expand early childhood services and support.

Growing Up New Mexico

Management Review of Operations

As of and For the Year Ended June 30, 2025

Listed here are the components of our work and strategy:

- *Great Start Family Support* - Prenatal and postpartum support beginning at the end of pregnancy, lasting through the first 6 weeks after baby arrives. Lactation professionals support parents with infant feeding, infant development, postpartum recovery, and connections to community resources.
- *Home Visiting* – Provides support for parents—prenatally through the first five years of a child’s life. Weekly visits by trained professionals offer individual and family support, guidance, and resources that promote confident, healthy, and happy families.
- *PreK and Child Care* – High-quality childcare and early education for children six weeks to four years of age to prepare students for success in kindergarten.
- *Dolly Parton’s Imagination Library* - Boosts reading and promotes early literacy among young children and their families. Every month, a book selected by a panel of experts is delivered for free to the family’s mailbox—from the time a child is born until the age of five.
- *Bridges to Opportunity* - Provides one-on-one and multi-generational coaching for families with young children. The program promotes long-term resiliency by supporting family members to build capacity, set goals, and change paradigms while connecting them to community resources and other tools needed to thrive and make changes which break generational patterns and establish foundations for health and wellness. Above all, Bridges to Opportunity empowers families to be their own goal setters, problem solvers, and advocates in order to reach their full potential.
- *Escalones: Child Care Support* – Formerly referred to as home-based care and Family, Friends, & Neighbors (FFN), this program continues to expand providing support and resources for caregivers to gain valuable insights into child development, healthy attachment, early education, and business practices. Focused on home educators, our coaches support licensed, registered, or those with more informal operations. Caregivers can access financial incentives, coaching, peer networks, business acceleration and more.
- *Policy and Systems Change* – Alongside deep community listening, all of our programs and operations inform our policy work with the goal of growing an efficient and effective system of education and care throughout the state of New Mexico. Working through executive, legislative, local and other government partnerships, we advocate for concrete improvements at different levels of government as well as provide information, data, and other support for key decision makers and administrators.

Growing Up New Mexico

Management Review of Operations

As of and For the Year Ended June 30, 2025

- *Family Leadership* – Growing Up New Mexico directly supports a statewide Family Leadership Council that works to develop family leaders to set goals, build skills and advocate for change. We also support a local Santa Fe Family Leadership Council that is part of a local early childhood coalition funded through a grant from the Early Childhood Education and Care Department. This inspiring group of parents and grandparents are paid a professional wage and are engaged in all aspects of decision making and the operation of the group.
- *Community Engagement* – Our work centers on brokering smart, actionable initiatives and legislation while building trust and promoting equity through broad stakeholder engagement. We engage families, early childhood professionals, childcare providers, researchers, government officials, and members of the community who are committed to improving the lives of the youngest New Mexicans. Either in large coalitions, community conversations, focus groups, key interviews or surveys, we listen deeply to diverse stakeholders to foster collaboration and build on the strengths of New Mexico’s unique communities.

Growing Up New Mexico Philosophy

Growing Up New Mexico achieves our mission primarily through our Early Learning Programs and policy and advocacy for building a robust, multi-faceted system. Our programs and policy work provided an integrated array of innovative child and family development initiatives and actions that seek to support children getting a strong start while strengthening families and the whole community and society.

The concept is simple: if being born and raised in poverty imposes unfair conditions that decrease the likelihood of children's success compared to children born and raised in greater affluence, social justice requires the provision of support to alleviate that disadvantage. The most just condition would be the provision of support and resources equal to the support and resources available to the more fortunate.

This simple notion has guided the design and implementation of our programs for the last two decades. Growing Up New Mexico’s Early Learning Programs are a complex network of sequential services, programs and opportunities – social, educational, and civic engagement – that, taken together, can change academic and social conditions, resulting in greatly increased community assets, family strengths and, ultimately, success for children.

Outlook

By creating new opportunities for children and families, we bring the community together to plan, advocate, and provide programs from birth to career. Our children become more successful in school and in life, our families become more resilient, our community becomes stronger both now and in the future. We believe we are making real and lasting changes for our families through our programs.

Growing Up New Mexico has a bold outlook for the future. Several years ago, our campaign represented a substantial portion of our revenue. Today our campaign represents 14% of our

operating budget with the remaining 86% coming from the combination of private foundations, individual donations, fees for services and state multi-year service awards.



Kate Noble
President and Chief Executive Officer



Barbara Rand
Board Treasurer

Growing Up New Mexico
Management Review of Operations
As of and For the Year Ended June 30, 2025

Management is responsible for the preparation and the integrity of the accompanying financial statements. These statements are prepared in accordance with accounting principles generally accepted in the United States of America and require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. In management's opinion, the financial statements present fairly our financial position, changes in our net assets and cash flows. All financial information in this Annual Financial Report is consistent with the financial statements.

Management maintains and relies on a system of internal controls and related policies and procedures that provide reasonable assurance of the integrity and reliability of the financial statements. The system provides, at appropriate costs and within the inherent limitations of all internal control systems, that transactions are executed in accordance with management's authorization and are properly recorded and reported in the financial statements and that assets are safeguarded. Our internal control system provides for careful selection and training of supervisory and management personnel and requires appropriate segregation of responsibilities and delegation of authority. In addition, we have prepared a corporate code of ethics for the purpose of determining possible conflicts of interest, compliance with laws and confidentiality of proprietary information.

Our independent auditors, SJT Group, LLC, audited the annual financial statements as described in their report. They obtained an understanding of our internal control system to enable them to plan their audit and determine audit procedures to be performed.

The Board of Directors has established an Audit Committee. The Committee is appointed by the Board to assist the Board in its oversight function by monitoring, among other things, our financial reporting process and the independence and performance of our independent auditors. The Committee's activities include meeting periodically with management and the independent auditors to review audit results, financial reporting, internal controls and other financial matters. The independent auditors have full and free access to the Committee.



Kate Noble
President and Chief Executive Officer



Barbara Rand
Board Treasurer



Independent Auditor's Report

Board of Directors and Management
Growing Up New Mexico

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Growing Up New Mexico (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 Growing Up New Mexico as of June 30, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Growing Up New Mexico 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—Prior Period Financial Statements

The financial statements of Growing Up New Mexico as of and for the year-ended June 30, 2024, were audited by a predecessor auditor, whose report dated December 17, 2024, expressed an unmodified opinion. Our opinion is not modified with respect to this matter.

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 Growing Up New Mexico's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Growing Up New Mexico'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 Growing Up New Mexico'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.

Other Matters

The introductory sections identified in the table of contents as “Management Review of Operations” and “Report by Management” have not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2025, on our consideration of Growing Up New Mexico’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 Growing Up New Mexico’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 Growing Up New Mexico’s internal control over financial reporting and compliance.

SJT Group LLC

Albuquerque, New Mexico
December 10, 2025

Financial Statements

Growing Up New Mexico
Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	\$ 292,290	\$ 94,113
Campaign pledges receivable, net	27,985	18,997
Grants receivable, current portion	999,428	335,668
Contracts receivable	113,262	591,846
Prepaid expenses	47,023	54,478
Total current assets	1,479,988	1,095,102
Noncurrent assets		
Grants receivable, noncurrent portion	-	330,000
Security and equipment deposit	2,440	2,440
Investments - unrestricted	7,584	-
Investments - restricted for endowment	25,214	25,302
Property and equipment, net	3,692,089	3,749,479
Right-of-use assets, net - operating leases	1,188,175	1,307,405
Total noncurrent assets	4,915,502	5,414,626
Total assets	\$ 6,395,490	\$ 6,509,728

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

Growing Up New Mexico
Statements of Financial Position—continued
June 30, 2025 and 2024

	2025	2024
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 274,839	\$ 179,920
Accrued payroll and related	158,151	147,429
Accrued leave	156,861	182,790
Line of credit due to bank	133,000	200,000
Note payable - current	16,619	16,130
Lease liabilities - current operating leases	106,245	87,128
Total current liabilities	845,715	813,397
Long-term liabilities		
Note payable	12,795	29,414
Lease liabilities - operating leases	1,146,300	1,256,117
Total long-term liabilities	1,159,095	1,285,531
Total liabilities	2,004,810	2,098,928
Net assets		
Without donor restrictions	1,237,925	1,279,818
With donor restrictions		
Purpose and time restricted	1,515,360	1,493,587
Perpetual endowment invested in property and equipment	1,612,181	1,612,093
Perpetual endowment in investments	25,214	25,302
Total net assets	4,390,680	4,410,800
Total liabilities and net assets	\$ 6,395,490	\$ 6,509,728

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

Growing Up New Mexico

Statement of Activities For the Year Ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
State grants and contracts	\$ 3,924,263	\$ -	\$ 3,924,263
Campaign results	1,059,429	-	1,059,429
Capital campaign revenue	-	205,047	205,047
Federal grants and contracts	173,518	-	173,518
Contributions	332,924	367,320	700,244
Child care and nutrition services	168,919	-	168,919
Other grants and contracts	163,100	-	163,100
County grants and contracts	159,349	-	159,349
City grants and contracts	73,000	-	73,000
In-kind contributions	32,584	-	32,584
Other income	2,145	-	2,145
Investment income	1,912	-	1,912
Dividends and interest	566	-	566
Net assets released from restrictions	550,594	(550,594)	-
Total support and revenue	<u>6,642,303</u>	<u>21,773</u>	<u>6,664,076</u>
Expenses			
Program services	<u>5,669,609</u>	<u>-</u>	<u>5,669,609</u>
Supporting services			
Management and general	746,329	-	746,329
Fundraising	268,258	-	268,258
Total supporting services	<u>1,014,587</u>	<u>-</u>	<u>1,014,587</u>
Total expenses	<u>6,684,196</u>	<u>-</u>	<u>6,684,196</u>
Change in net assets	(41,893)	21,773	(20,120)
Net assets, beginning of year	<u>1,279,818</u>	<u>3,130,982</u>	<u>4,410,800</u>
Net assets, end of year	<u>\$ 1,237,925</u>	<u>\$ 3,152,755</u>	<u>\$ 4,390,680</u>

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

Growing Up New Mexico

Statement of Activities For the Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
State grants and contracts	\$ 2,772,630	\$ -	\$ 2,772,630
Campaign results	728,794	-	728,794
Capital campaign revenue	-	185,185	185,185
Federal grants and contracts	320,167	-	320,167
Contributions	36,573	1,542,786	1,579,359
Child care and nutrition services	133,986	-	133,986
Other grants and contracts	575,000	-	575,000
County grants and contracts	183,879	53,584	237,463
City grants and contracts	63,000	-	63,000
In-kind contributions	19,527	9,848	29,375
Other income	2,481	-	2,481
Investment income	904	-	904
Dividends and interest	890	-	890
Net assets released from restrictions	1,494,211	(1,494,211)	-
Total support and revenue	<u>6,332,042</u>	<u>297,192</u>	<u>6,629,234</u>
Expenses			
Program services	<u>5,285,872</u>	<u>-</u>	<u>5,285,872</u>
Supporting services			
Management and general	717,131	-	717,131
Fundraising	<u>258,565</u>	<u>-</u>	<u>258,565</u>
Total supporting services	<u>975,696</u>	<u>-</u>	<u>975,696</u>
Total expenses	<u>6,261,568</u>	<u>-</u>	<u>6,261,568</u>
Change in net assets, before remeasurement of lease liability	70,474	297,192	367,666
Net effect of lease liability remeasurement	<u>232,344</u>	<u>-</u>	<u>232,344</u>
Change in net assets	302,818	297,192	600,010
Net assets, beginning of year	<u>977,000</u>	<u>2,833,790</u>	<u>3,810,790</u>
Net assets, end of year	<u>\$ 1,279,818</u>	<u>\$ 3,130,982</u>	<u>\$ 4,410,800</u>

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

Growing Up New Mexico
Statement of Functional Expenses
For the Year Ended June 30, 2025

	Program Services	Management and General	Fundraising	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Personnel expenses				
Salaries and wages	\$ 3,398,388	\$ 439,791	\$ 159,924	\$ 3,998,103
Employee benefits	272,086	43,668	20,155	335,909
Payroll taxes	270,838	31,493	12,597	314,928
Retirement expense	51,483	24,553	3,168	79,204
Total personnel costs	<u>3,992,795</u>	<u>539,505</u>	<u>195,844</u>	<u>4,728,144</u>
General expenses				
Professional services	356,187	41,734	9,689	407,610
Depreciation and amortization	256,994	6,762	6,762	270,518
Supplies	238,229	5,477	222	243,928
Repairs and maintenance	221,329	9,222	-	230,551
Capacity building	201,327	-	-	201,327
Travel and meals	89,353	102	-	89,455
Insurance	38,798	40,103	-	78,901
Telephone and internet	59,144	7,696	-	66,840
Training, education and recognition	17,910	6,126	26,105	50,141
Printing and postage	38,263	2,326	9,268	49,857
Meetings and events	43,520	1,283	671	45,474
Utilities	38,992	6,120	-	45,112
Software support and equipment	21,090	14,263	1,918	37,271
Dues and subscriptions	22,112	5,217	9,238	36,567
Interest expense	-	34,206	-	34,206
Advertising and outreach	20,676	968	1,925	23,569
Bad debt	-	18,997	-	18,997
Licenses, fees, permits, and taxes	3,696	4,122	4,793	12,611
Lobbying	7,592	-	-	7,592
Equipment and storage leases	1,602	2,100	1,823	5,525
Total	<u>\$ 5,669,609</u>	<u>\$ 746,329</u>	<u>\$ 268,258</u>	<u>\$ 6,684,196</u>

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

Growing Up New Mexico
Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services	General & Administrative	Fundraising	Total
Personnel expenses:				
Salaries and wages	\$ 3,086,470	\$ 391,796	\$ 156,489	\$ 3,634,755
Employee benefits	171,684	82,559	9,454	263,697
Payroll taxes	231,581	27,795	11,010	270,386
Retirement expense	52,876	8,389	3,835	65,100
Total personnel costs	3,542,611	510,539	180,788	4,233,938
General expenses:				
Professional services	353,601	43,238	17,920	414,759
Depreciation and amortization	241,773	6,362	6,362	254,497
Supplies	321,035	4,092	122	325,249
Repairs and maintenance	191,548	12,351	308	204,207
Capacity building	236,436	-	-	236,436
Travel and meals	70,966	165	-	71,131
Insurance	30,471	36,904	-	67,375
Telephone and internet	46,033	7,881	374	54,288
Training, education and recognition	23,689	2,560	15,382	41,631
Printing and postage	28,198	2,868	10,967	42,033
Meetings and events	34,599	2,380	2,786	39,765
Utilities	40,791	7,692	-	48,483
Software support and equipment	8,564	15,160	2,272	25,996
Dues and subscriptions	22,694	5,982	15,927	44,603
Interest expense	-	51,067	-	51,067
Advertising and outreach	74,278	2,763	1,270	78,311
Licenses, fees, permits, and taxes	2,807	595	4,087	7,489
Lobbying	12,993	-	-	12,993
Equipment and storage leases	2,638	4,081	-	6,719
Miscellaneous	147	451	-	598
Total expenses	\$ 5,285,872	\$ 717,131	\$ 258,565	\$ 6,261,568

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

Growing Up New Mexico
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Cash received from grants and contracts	\$ 4,971,814	\$ 4,802,578
Cash received from contributions	1,417,812	849,313
Cash received from program services	168,919	-
Other cash receipts	2,145	106,440
Cash received from income and dividends	566	890
Cash paid to vendors and suppliers	(1,615,942)	(1,795,931)
Cash paid to and on behalf of employees	(4,743,351)	(4,135,355)
Interest paid	(34,206)	(12,993)
Net cash provided (used) by operating activities	167,757	(185,058)
Cash flows from investing activities		
Purchase of investments	(5,584)	(12,518)
Purchase of property and equipment	(85,026)	(51,192)
Net cash provided (used) by investing activities	(90,610)	(63,710)
Cash flows from financing activities		
Capital campaign contributions	204,160	185,185
Proceeds from line of credit	407,500	18
Principal payments on line of credit	(474,500)	-
Principal payments on note payable	(16,130)	(20,501)
Net cash provided (used) by financing activities	121,030	164,702
Net increase (decrease) in cash and cash equivalents	198,177	(84,066)
Cash and cash equivalents, beginning of year	94,113	178,179
Cash and cash equivalents, end of year	\$ 292,290	\$ 94,113

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

Growing Up New Mexico
Statements of Cash Flows—continued
For the Years Ended June 30, 2025 and 2024

	2025	2024
Reconciliation of change in net assets to net cash provided (used) by operating activities		
Change in net assets	<u>\$ (20,120)</u>	<u>\$ 600,010</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization expense	142,416	254,497
Donated stock (in-kind)	-	(29,375)
Net realized and unrealized (gains) losses	(1,912)	(1,556)
Capital campaign revenue	(204,160)	(155,810)
Bad debt	18,997	-
Lease liability payments	-	(96,659)
Effect of lease liability remeasurement, net	-	(232,344)
Changes in assets and liabilities:		
Campaign pledges receivable	(27,985)	61,769
Operating lease assets and liabilities	28,530	
Grants receivable	(333,760)	(399,929)
Contracts receivable	478,584	(332,068)
Prepaid expenses	7,455	4,026
Accounts payable	94,919	56,842
Accrued payroll and related	10,722	98,583
Accrued leave	(25,929)	-
Deferred revenue	-	(13,044)
Total adjustments	<u>187,877</u>	<u>(785,068)</u>
Net cash provided by operating activities	<u>\$ 167,757</u>	<u>\$ (185,058)</u>

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

Growing Up New Mexico

Notes to Financial Statements

June 30, 2025 and 2024

1) **Organization**

Growing Up New Mexico is a New Mexico not-for-profit corporation, chartered in 1954 as United Way of Santa Fe County, with governance by a volunteer Board of Directors. In 2021, the organization underwent a name change and rebranding to more closely align with its mission and goals. Growing Up New Mexico is organized to create lasting change that improves the quality of life and health in our community. Additionally, Growing Up New Mexico has developed a comprehensive, innovative community development model of early learning programs that serves as the vehicle to help achieve the organization's goals. To accomplish this goal, Growing Up New Mexico is involved in a variety of activities, including providing services, creating collaborations, civic engagement and community organizing, policy and advocacy, and fundraising.

2) **Summary of Significant Accounting Policies**

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements of Growing Up New Mexico have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which requires Growing Up New Mexico 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 restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Growing Up New Mexico 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; those restrictions will be met by actions of Growing Up New Mexico or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

For purposes of the statements of cash flows, Growing Up New Mexico considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Growing Up New Mexico maintains its cash depository accounts with various financial institutions. Balances in the accounts may, at times, exceed Federal or other insurance limits. Growing Up New Mexico has not experienced, and believes it is not exposed to, significant credit risk from these deposits. As of June 30, 2025 and 2024, Growing Up New Mexico's bank balances were uninsured by \$58,234 and \$0, respectively.

Growing Up New Mexico

Notes to Financial Statements

June 30, 2025 and 2024

2) Summary of Significant Accounting Policies—continued

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses, as well as investment expenses, are reflected within investment income in the statements of activities. Investment income and gains (losses) restricted by donors are reported as increases (decreases) in net assets without donor restrictions unless donor-imposed restrictions have not been met in the reporting period in which the income and gains are recognized.

Prepaid Expenses

Prepaid expenses, consisting primarily of insurance and program costs, are expensed over the periods to which they relate.

Grants, Contracts, and Pledges Receivable

Grants, contracts, and contributions receivable are stated at unpaid balances, less an allowance for expected credit losses, if applicable. Unconditional pledges to give are recognized as contribution revenues in the period the pledge is made. Conditional pledges to give are when the conditions on which they depend are substantially met.

Management estimates the adequacy of the allowance for expected credit losses based on historical collections, specific impaired receivables, and forward-looking information that may affect the ability of debtors to pay. Receivables are charged off in the period in which management determines the receivable is uncollectible. During the year ended June 30, 2025 and 2024, Growing Up New Mexico wrote off \$18,977 and \$0 in uncollectible receivables, respectively. There was no activity in the allowance for expected credit losses and the allowance for expected credit losses was \$0 at June 30, 2025, and 2024, respectively.

Fair Value Measurements

Growing Up New Mexico follows accounting standards for fair value measurements, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value measurements define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurements also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value as shown on the following page:

Growing Up New Mexico

Notes to Financial Statements

June 30, 2025 and 2024

2) Summary of Significant Accounting Policies—continued

- ◆ *Level 1 Inputs* – unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.
- ◆ *Level 2 Inputs* – include:
 - o Quoted prices for similar assets or liabilities in active markets.
 - o Quoted prices for identical or similar assets or liabilities in inactive markets.
 - o Inputs other than quoted prices that are observable for the asset or liability.
 - o Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- ◆ *Level 3 Inputs* – unobservable inputs which reflect the organization’s own assumptions about the assumptions market participants would use in pricing the asset or liability.

Growing Up New Mexico’s investments are measured at fair value on a recurring basis and are, therefore, subject to fair value measurement disclosures. For the years ended June 30, 2025 and 2024, the application of valuation techniques has been consistent with previous years.

Revenue Recognition

Growing Up New Mexico accounts for its revenue and support under ASC 606 “Revenue from Contracts with Customers” and ASU 2018-08, “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made” in accordance with accounting principles generally accepted in the United States of America.

The following summarizes the revenue recognition policies for major classifications of revenue:

Grants and Contributions

Grants and contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Grants and contributions received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends or purpose restriction is satisfied, 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. Grants and contributions received with donor stipulations that are met in the same year are initially identified as restricted and then released.

Growing Up New Mexico

Notes to Financial Statements

June 30, 2025 and 2024

2) Summary of Significant Accounting Policies—continued

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Donated Services and Materials

Donated services and materials are recorded as both revenues and expenses in the accompanying statements of activities at their estimated values. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. If donors of property or equipment stipulate how long these assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions.

Contributed (Donated) Assets

Growing Up New Mexico may receive contributions of non-cash assets and use of facilities in return for services provided. Donated marketable securities and other non-cash donations are recorded as in-kind contributions at their estimated fair values at the date of donation. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Absent donor stipulations regarding how long those donated assets must be maintained, Growing Up New Mexico reports the expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Growing Up New Mexico reclassifies net assets with donor restrictions to net assets without donor restrictions at that time unless the donor has restricted the donated asset to a specific purpose.

A substantial number of unpaid volunteers have made significant contributions of their time to develop Growing Up New Mexico's programs, principally in board activities, fundraising and programs. The value of this contributed time is not reflected in these financial statements. Donated goods and services are recorded at their estimated fair value at the date of donation. Services that require specific expertise are recorded when received.

Growing Up New Mexico
Notes to Financial Statements
June 30, 2025 and 2024

2) Summary of Significant Accounting Policies—continued

Contract Revenue

Contract revenue is recorded at the time the services are provided, and the performance obligation is satisfied. Some contracts are fee for service and other contracts are on a reimbursement basis. For these contracts, the performance obligation is the delivery of the services supplied to the customer. The transaction price is established by Growing Up New Mexico and the contracting entity per an agreement. No allocation of the transaction price of the services is necessary. Specifically, when Growing Up New Mexico has incurred expenses or provided services in compliance with the general and specific requirements of the funding source, both the receivable from the government agency and offsetting contract revenue are recorded.

Property, Equipment, and Depreciation

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as support with donor restrictions. Depreciation and amortization are computed using the straight-line method. Growing Up New Mexico capitalizes all expenditures for property and equipment with a cost of \$5,000 or more with estimated useful lives in excess of two years. Items with a cost of less than \$5,000 are expensed in the year of acquisition. Repairs and maintenance expenses are charged to operations when incurred, and major betterments and replacements are capitalized.

The major classifications of property and equipment and the related depreciable lives are as follows:

<u>Type</u>	<u>Estimated Useful Life</u>
Building and building improvements	10-39 years
Leasehold improvements	2-39 years
Furniture & equipment	3-5 years
Computer equipment and other	3-5 years

Growing Up New Mexico

Notes to Financial Statements

June 30, 2025 and 2024

2) Summary of Significant Accounting Policies—continued

Impairment of Long-lived Assets

Growing Up New Mexico accounts for long-lived assets in accordance with the provisions of FASB ASC 360-10 and subsections. ASC 360-10 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value, less costs to sell. Management does not believe impairment indicators are present as of June 30, 2025 or 2024.

Accrued Leave

For full-time employees PTO will be accrued at the rate of 6.15 hours per pay period, to be prorated for employees working less than 40 hours per week, down to 20 hours per week. PTO balances will carry forward from year to year, but an employee may not, unless otherwise approved by the President or the Board of Directors, exceed the amount that he or she would accrue over the course of one year of work. When this limit is reached, the employee's accrued PTO balance will remain at this cap until such time that the balance is lowered by the employee using PTO.

The following table outlines the accrual rates:

<u>Employee Classification</u>	<u>Computation of PTO</u>
Full-time (40 hrs.) Professional and administrative staff (1st to 5th years)	20 days
Full-time (40 hrs.) Professional and administrative staff (5th year plus)	25 days
Permanent part-time staff (any permanent employee who works less than 40 hours down to 20 hours)	Accrued at a prorated full-time rate

The annual leave balance as of June 30, 2025 and 2024 was \$156,861 and \$182,790, respectively.

Growing Up New Mexico

Notes to Financial Statements

June 30, 2025 and 2024

2) Summary of Significant Accounting Policies—continued

Advertising

Growing Up New Mexico expenses advertising costs as incurred. Advertising costs are incurred primarily for the dissemination of program information.

Retirement Benefits

Growing Up New Mexico provides a retirement plan under Section 403(b) of the Internal Revenue Code. Eligible employees are entitled to immediately participate in the 403(b)-retirement plan, with Growing Up New Mexico matching contributions up to 3% of earnings after one year of employment. Employer contributions to the retirement plan were \$79,204 and \$65,100 for the years ended June 30, 2025 and 2024, respectively.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more services provided by Growing Up New Mexico. Expenses and support services that can be identified with a specific service are charged directly to a program according to the natural expenditure classification. Direct costs are recorded to the functional classification the expense relates to. All other expenses require allocation on a reasonable basis that is consistently applied.

Significant expenses that are allocated and their allocation method include the following:

<u>Expense</u>	<u>Allocation Method</u>
Salaries, wages, and related expenses	Time and effort
Professional services	Specific identification
Depreciation and amortization	Square footage
Supplies	Time and effort
Repairs and maintenance	Square footage
Travel and meals	Specific identification
Insurance	Square footage

Use of 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Growing Up New Mexico

Notes to Financial Statements

June 30, 2025 and 2024

2) Summary of Significant Accounting Policies — continued

Income Taxes

Growing Up New Mexico is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation. The Financial Accounting Standards Board (FASB) issued FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which provides guidance on how to measure and account for various tax positions.

Growing Up New Mexico determined no material unrecognized tax benefits or liabilities existed as of June 30, 2025 and 2024. If applicable, Growing Up New Mexico will recognize interest and penalties related to underpayment of income taxes as income tax expense.

As of June 30, 2025 and 2024, Growing Up New Mexico had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. Growing Up New Mexico does not anticipate any significant changes to unrecognized tax benefits over the next year.

Management of Growing Up New Mexico believes its activities allow it to continue to be classified as an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has not identified any activities subject to unrelated business income tax.

Growing Up New Mexico files federal Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service and copies of Form 990 with states in which Growing Up New Mexico is registered. The statute of limitations for examination of Growing Up New Mexico's returns expires three years from the due date of the return or the date filed, whichever is later. Growing Up New Mexico's returns for the years ended June 30, 2022 through 2024, are still open for examination and management anticipates the statute of limitations for the return for the year ended June 30, 2025, will expire by May 2029.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. The reclassifications had no effect on the net assets or the changes in net assets.

Legal Matters

Growing Up New Mexico, in the normal course of business, is subject to claims and litigation. Management believes that there are no outstanding claims or assessments which would be subject to a material unfavorable outcome that would not be covered by insurance.

Growing Up New Mexico

Notes to Financial Statements

June 30, 2025 and 2024

2) Summary of Significant Accounting Policies — continued

Subsequent Events

Subsequent events were evaluated through December 10, 2025, which is the date the financial statements were available to be issued. Management believes that there are no material subsequent events that have arisen that would require accrual or disclosure.

3) **Availability and Liquidity**

The following table reflects Growing Up New Mexico's financial assets as of June 30, 2025 and 2024, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position date because of contractual or donor-imposed restrictions. Amounts not available to meet general expenditures within one year include grants receivable expected to be collected more than one year after the statement of financial position date and monies restricted for the capital campaign may be expended over the course of more than one year.

	<u>2025</u>	<u>2024</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 292,290	\$ 94,113
Campaign pledges receivable	27,985	18,997
Grants receivable, current portion	999,428	335,668
Contracts receivable, net	<u>113,262</u>	<u>591,846</u>
Total financial assets, at year-end	1,432,965	1,040,624
Less net assets restricted for the capital campaign not expected to be expensed in the following fiscal year	(556,439)	(346,350)
Less amounts unavailable for general expenditures within one year, due to receivables expected to be collected after one year	<u>-</u>	<u>(330,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 876,526</u>	<u>\$ 364,274</u>

Growing Up New Mexico manages its cash flow and liquidity on an on-going basis to ensure that sufficient funds are available to meet operational needs as well as grant obligations. To help manage unanticipated liquidity needs, Growing Up New Mexico has access to a \$250,000 revolving line-of-credit of which \$117,000 and \$50,000 was available as of June 30, 2025 and 2024, respectively.

Growing Up New Mexico

Notes to Financial Statements

June 30, 2025 and 2024

4) Investments

Investments - unrestricted

Unrestricted investments consist of an equity investment in the amount of \$7,584 and \$0 at June 30, 2025 and 2024, respectively. The investment is recorded at fair value using Level 1 Inputs as defined in Note 2.

Investments restricted for endowment

Growing Up New Mexico is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. Growing Up New Mexico's Board of Directors has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates to the contrary.

As a result of this interpretation, when reviewing its donor-restricted endowment funds, Growing Up New Mexico considers a fund to be underwater if the fair value of the fund is less than the sum of:

- a) The original value of initial and subsequent gift amounts donated to the fund.
- b) Any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

Growing Up New Mexico has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, Growing Up New Mexico considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the organization.
7. The investment policies of Growing Up New Mexico.

Growing Up New Mexico

Notes to Financial Statements

June 30, 2025 and 2024

4) Investments—continued

Investments restricted for endowment are composed of the following at June 30:

	<u>2025</u>	<u>2024</u>
Investments		
Equities	\$ 10,283	\$ 9,396
Fixed income	14,931	13,906
Cash equivalents	-	2,000
Funds invested in property and equipment	<u>1,612,181</u>	<u>1,612,093</u>
Total	<u>\$ 1,637,395</u>	<u>\$ 1,637,395</u>

Return Objectives and Risk Parameters—Growing Up New Mexico has adopted investment and spending policies for endowment assets which attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets consist of funds that are subject to donor-imposed restrictions requiring that they be maintained either in perpetuity or for a specified period as determined by the donor. Under this policy, approved by the Board of Directors, endowment assets are invested with the objective of achieving returns that exceed the price and yield benchmarks of specific investment vehicles, while maintaining an appropriate level of risk. The investment policy establishes an expected return of 4% plus the Consumer Price Index (CPI) rate, recognizing that actual returns may vary from this target in any given year.

Strategies Employed for Achieving Objectives—To satisfy its long-term rate-of-return objectives, Growing Up New Mexico relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). In the case of gifts by donors with permanent restrictions (endowment funds), preservation of the value of the original gift is the primary emphasis of Growing Up New Mexico. Growing Up New Mexico will target a diversified asset allocation of moderate long-term growth of principal and income, as well as stability within prudent risk parameters and constraints.

Intercompany Endowment Distributions and Related Obligations—During the year ended June 30, 2019, \$1,502,155 was distributed from the endowment fund for the purchase and renovations of the Kaune Early Learning Center in Santa Fe, New Mexico (the Kaune Building). On July 20, 2019, Growing Up New Mexico formalized a promissory note from the endowment fund related to these distributions, and an intercompany payable and receivable were established. On June 6, 2023, an additional amount of \$336,360 was borrowed from the endowment fund, related to further renovations of the Kaune Building. At that time, the terms of the note were revised to require monthly principal payments as well as annual interest payments at the rate of 5%, beginning on January 31, 2024.

Growing Up New Mexico

Notes to Financial Statements

June 30, 2025 and 2024

4) Investments—continued

On March 21, 2024, the Board of Directors of Growing Up New Mexico passed a resolution modifying the repayment terms of the loan from the endowment fund. The resolution acknowledges that the loan was utilized to purchase and improve the building used for the Early Learning Center at Kaune (ELC). It also recognizes that the land on which the Kaune Building sits is leased from the Santa Fe Public Schools Board of Education (the Board of Education), with an option for Growing Up New Mexico to purchase the land.

The repayment terms are now contingent on the following conditions:

1. Lease Termination Without Purchase: If Growing Up New Mexico does not exercise the option to purchase the land before the lease ends, ownership of the building will revert to the Board of Education. At that point, the original repayment terms of the promissory note will resume.
2. Sale of Property After Purchase: If Growing Up New Mexico exercises the option to purchase the land and subsequently sells the building and property, proceeds from the sale must be used to satisfy the loan obligation.
3. Continued Operation of the ELC: If Growing Up New Mexico purchased the land and continues to operate the ELC on the premises, no loan payments will be required until this operational condition changes.

Spending Policy and How the Investment Objectives Relate to Spending Policy—In accordance with Growing Up New Mexico’s investment policy approved by the Board of Directors, no additional distributions from the endowment fund will be made until this intercompany obligation is fully repaid.

Growing Up New Mexico

Notes to Financial Statements

June 30, 2025 and 2024

5) Grants and Contracts Receivable

Grants and contracts receivable consist of the following at June 30:

	2025	2024
NM State General Funds - Home Visiting Program	\$ 258,815	\$ 83,489
W.K. Kellogg Foundation	250,300	300
Community Health Funders Alliance	200,000	400,000
Anchorum St. Vincent	130,000	260,000
NM ECECD/CYFD PreK Extended Day	106,300	175,261
NM ECECD/CYFD Family Learning Center	59,079	12,495
State of New Mexico	47,416	31,295
Low Income Investment Fund	22,500	-
Dolly Parton Imagination Library	12,500	-
Southwest NM Council of Governments	9,303	5,366
NM ECECD/CYFD Child and Adult Care Food Program	5,865	5,756
Santa Fe County Navigation	5,000	1,182
First Presbyterian Child Development Center	3,578	3,154
NM ECECD/CYFD Systems	2,034	13,476
WESST	-	257,138
Early Childhood Trust	-	8,602
Total	\$ 1,112,690	\$ 1,257,514

6) Property and Equipment, Net

Property and equipment, net, consist of the following at June 30:

	2025	2024
Building and building improvements	\$ 4,247,480	\$ 4,175,442
Leasehold improvements	264,285	264,285
Furniture & equipment	156,946	143,957
Computer equipment and other	68,169	68,169
Less: accumulated depreciation	(1,044,791)	(902,374)
Property and equipment, net	\$ 3,692,089	\$ 3,749,479

Depreciation expense was \$142,416 and \$139,562 for the years ending June 30, 2025 and 2024, respectively.

Growing Up New Mexico

Notes to Financial Statements

June 30, 2025 and 2024

7) Operating Leases

Operating leases consist of the following at June 30, 2025 and 2024:

- Growing Up New Mexico entered into an office space lease commencing on July 1, 2022. The lease is for a term of five (5) years, with an option for two (2) additional terms of five (5) years each. However, it is not reasonably certain that Growing Up New Mexico will extend this lease. Monthly lease payments were \$6,442 for the first year but decreased \$5,342 due to a reduction in leased space effective Jun 1, 2024. All other terms of the original lease remained relatively unchanged. Growing Up New Mexico measures the operating lease liability at June 30, 2025 and 2024 of \$943,304 and \$992,353, respectively, by calculating the present value of the future lease payments using a discount rate of 1.58%.
- Growing Up New Mexico leases the land on which its Kaune building is located under a ground lease agreement entered into on May 6, 2016. The lease is for a term of ten (10) years, with an option to renew for an additional five (5) years. Growing Up New Mexico is reasonably certain to extend this lease. Monthly lease payments ranging between \$4,250 and \$5,342 are due through May 2026. Growing Up New Mexico measures the operating lease liability at June 30, 2025 and 2024 of \$287,894 and \$332,014, respectively, by calculating the present value of the future lease payments using a discount rate of 1.58%.
- Growing Up New Mexico entered into two (2) leases for copiers commencing on January 18, 2023 and November 8, 2024. The leases are for terms of five (5) years each. Monthly lease payments of \$477 and \$166 are due through December 2027 and October 2029. Growing Up New Mexico measures the operating lease liability at June 30, 2025 and 2024 of \$21,347 and \$18,878, respectively, by calculating the present value of the future lease payments using a discount rate of 4.58% and 4.33%.

The total minimum lease commitments as of June 30, 2025 under Growing Up New Mexico's operating leases, excluding variable lease expenses, are as follows:

Year Ended June 30,	Principal Payments	Interest	Total
2026	\$ 106,245	\$ 19,542	\$ 125,787
2027	111,263	17,629	128,892
2028	113,627	15,652	129,279
2029	116,044	13,771	129,815
2030	120,189	11,858	132,047
2031-2035	472,917	35,145	508,062
Thereafter	212,260	3,550	215,810
	\$ 1,252,545	\$ 117,147	\$ 1,369,692

Growing Up New Mexico

Notes to Financial Statements

June 30, 2025 and 2024

7) **Operating Leases—continued**

Right-of-use assets have a net carrying value of \$1,188,175 and \$1,307,405 at June 30, 2025 and 2024, respectively. Amortization expense of right-of-use assets totaled \$128,103 and \$117,409 at June 30, 2025 and 2024, respectively.

During the years ended June 30, 2025 and 2025, operating lease expenses totaled \$22,582 and \$36,270, respectively, which is reported as a portion of interest expense in the accompanying statements of functional expenses.

8) **Long-Term Debt**

Long-term debt consists of a note payable held by the Santa Fe Community Foundation, which consisted of the following as of June 30:

	2025	2024
Unsecured, uncollateralized note payable to Santa Fe Community Foundation for \$250,000. Proceeds of the loan to be used solely for advancing the implementation of child and parent services at the Santa Fe Early Learning Center at Agua Fria. Quarterly payments of principal and interest at 3% beginning December 31, 2019. Amended in April 2024 to extend the term of the loan until March 30, 2027 with quarterly principal and interest payments of \$4,329.	\$ 29,414	\$ 45,544
Less current portion	(16,619)	(16,130)
Total long-term debt, net of current portion	\$ 12,795	\$ 29,414

Future principal payments on the long-term debt, as of June 30, 2025, are as follows:

Year Ended June 30,	Principal Payments
2026	\$ 16,619
2027	12,795
	\$ 29,414

Growing Up New Mexico

Notes to Financial Statements

June 30, 2025 and 2024

9) Line of Credit

Growing Up New Mexico has a \$250,000 revolving line of credit with a local financial institution. The interest rate on the line of credit is variable, calculated as the U.S. Prime Rate plus 0.75%. The line of credit is classified as a current liability as terms call for the balance to be repaid in full within twelve months of disbursement. As of June 30, 2025 and 2024, the outstanding principal balances were \$133,000 and \$200,000, respectively.

10) Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Restricted for Purpose and/or Time		
Early Learning Programs (Santa Fe Children's Project)	\$ 47,355	\$ 72,803
Center Based	508	14,886
Bridges to Opportunity	234,731	485,083
Policy	676,327	518,940
Capital campaign	556,439	346,350
Family, Friends, and Neighbors	-	55,525
Total	<u>\$ 1,515,360</u>	<u>\$ 1,493,587</u>

Net assets with donor restrictions are released from donor restrictions as expenses are incurred to satisfy the restricted purpose, or due to the passage of time, as follows:

	<u>2025</u>	<u>2024</u>
Restricted for Purpose and/or Time		
Early Learning Programs (Santa Fe Children's Project)	\$ 72,420	\$ 312,573
Center Based	12,921	-
Bridges to Opportunity	253,678	288,554
Policy	201,566	767,693
Capital campaign	-	30,633
Family, Friends, and Neighbors	10,009	94,758
Total	<u>\$ 550,594</u>	<u>\$ 1,494,211</u>

Growing Up New Mexico

Notes to Financial Statements

June 30, 2025 and 2024

11) In-Kind Contributions

In-kind contributions consist of the following for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Donated stock	\$ 7,584	\$ 29,375
Materials for roof repair	<u>25,000</u>	<u>-</u>
Total	<u>\$ 32,584</u>	<u>\$ 29,375</u>

12) Concentration of Revenue

Growing Up New Mexico receives a significant portion of its support from the New Mexico Early Childhood Education and Care Department (ECECD). Revenue from ECECD represented approximately 59% and 45% of total support and revenue for the years ended June 30, 2025 and 2024, respectively. A significant reduction in the level of this support, if it were to occur, could have a material adverse effect on Growing Up New Mexico's programs and activities.

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*

Board of Directors and Management
Growing Up New Mexico

We have audited, in accordance with 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 Growing Up New Mexico (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 December 10, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Growing Up New Mexico'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 Growing Up New Mexico's internal control. Accordingly, we do not express an opinion on the effectiveness of Growing Up New Mexico'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Growing Up New Mexico'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 Growing Up New Mexico's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Growing Up New Mexico's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SJT Group LLC

Albuquerque, New Mexico
December 10, 2025

Growing Up New Mexico
Schedule of Findings and Responses
For the Year Ended June 30, 2025

Section I — Financial Statement Findings

None.

Section II — Summary Schedule of Prior Year Audit Findings

None.