

## **Small Steps Nurturing Center**

Consolidated Financial Statements  
and Independent Auditors' Report  
for the years ended June 30, 2025 and 2024

# Small Steps Nurturing Center

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## **Independent Auditors' Report**

To the Board of Directors of  
Small Steps Nurturing Center:

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Small Steps Nurturing Center, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Small Steps Nurturing Center as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Small Steps Nurturing Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Small Steps Nurturing Center's ability to continue as a going concern for one year after the date that the financial statements are available to be 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 generally accepted 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, 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 Small Steps Nurturing Center'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 Small Steps Nurturing Center'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.

*Blazek & Vetterling*

February 17, 2026

## Small Steps Nurturing Center

Consolidated Statements of Financial Position as of June 30, 2025 and 2024

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	<u>2025</u>	<u>2024</u>
ASSETS		
Cash	\$ 930,508	\$ 1,015,309
Prepaid expenses and other assets	84,989	57,693
Operating contributions receivable, net ( <i>Note 3</i> )	943,521	848,446
Investments ( <i>Note 4</i> ):		
Held for operations	2,480,508	4,306,168
Board-designated reserve funds	2,921,429	2,673,539
Restricted or designated for endowment funds	1,324,671	1,199,742
Cash restricted for campus expansion capital projects		41,096
Contributions receivable held for campus expansion capital projects, net ( <i>Note 3</i> )	35,377	152,800
Property, net ( <i>Note 5</i> )	<u>6,225,633</u>	<u>5,430,095</u>
TOTAL ASSETS	<u>\$ 14,946,636</u>	<u>\$ 15,724,888</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 167,159	\$ 361,058
Construction payable		664,973
Funds held for others	19,041	26,043
Refundable advances – special events ( <i>Note 3</i> )	<u>122,000</u>	<u>215,167</u>
Total liabilities	<u>308,200</u>	<u>1,267,241</u>
Net assets ( <i>Note 7</i> ):		
Without donor restrictions ( <i>Note 2</i> )	13,921,684	9,484,531
With donor restrictions ( <i>Note 6</i> )	<u>716,752</u>	<u>4,973,116</u>
Total net assets	<u>14,638,436</u>	<u>14,457,647</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,946,636</u>	<u>\$ 15,724,888</u>

*See accompanying notes to consolidated financial statements.*

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## Small Steps Nurturing Center

Consolidated Statement of Activities for the year ended June 30, 2025

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Cash and other financial assets	\$ 1,714,225	\$ 1,543,376	\$ 3,257,601
Nonfinancial assets	89,911		89,911
Special events:			
Financial assets	2,322,207	223,792	2,545,999
Proceeds from donated auction items	20,366		20,366
Cost of direct donor benefits	(554,372)		(554,372)
Government grant revenue <i>(Note 8)</i>		203,339	203,339
Other income	29,035		29,035
Net investment return	<u>402,346</u>		<u>402,346</u>
Total revenue	4,023,718	1,970,507	5,994,225
Net assets released from restrictions:			
Program expenditures	1,464,932	(1,464,932)	
Expiration of time restrictions	2,013,614	(2,013,614)	
Capital expenditures	<u>2,748,325</u>	<u>(2,748,325)</u>	
Total	<u>10,250,589</u>	<u>(4,256,364)</u>	<u>5,994,225</u>
EXPENSES:			
Program services	4,673,313		4,673,313
Management and general	612,196		612,196
Fundraising	<u>527,927</u>		<u>527,927</u>
Total expenses	<u>5,813,436</u>		<u>5,813,436</u>
CHANGES IN NET ASSETS	4,437,153	(4,256,364)	180,789
Net assets, beginning of year	<u>9,484,531</u>	<u>4,973,116</u>	<u>14,457,647</u>
Net assets, end of year	<u>\$ 13,921,684</u>	<u>\$ 716,752</u>	<u>\$ 14,638,436</u>

*See accompanying notes to consolidated financial statements.*

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## Small Steps Nurturing Center

Consolidated Statement of Activities for the year ended June 30, 2024

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Cash and other financial assets	\$ 1,416,102	\$ 1,727,371	\$ 3,143,473
Nonfinancial assets	64,980		64,980
Special events:			
Financial assets	2,063,006	200,904	2,263,910
Proceeds from donated auction items	68,250		68,250
Cost of direct donor benefits	(445,752)		(445,752)
Government grant revenue <i>(Note 8)</i>		156,753	156,753
Other income	25,689		25,689
Net investment return	<u>443,554</u>		<u>443,554</u>
Total revenue	3,635,829	2,085,028	5,720,857
Net assets released from restrictions:			
Program expenditures	1,963,243	(1,963,243)	
Expiration of time restrictions	585,000	(585,000)	
Capital expenditures	<u>393,686</u>	<u>(393,686)</u>	
Total	<u>6,577,758</u>	<u>(856,901)</u>	<u>5,720,857</u>
EXPENSES:			
Program services	4,058,584		4,058,584
Management and general	551,910		551,910
Fundraising	<u>547,761</u>		<u>547,761</u>
Total expenses	<u>5,158,255</u>		<u>5,158,255</u>
CHANGES IN NET ASSETS	1,419,503	(856,901)	562,602
Net assets, beginning of year	<u>8,065,028</u>	<u>5,830,017</u>	<u>13,895,045</u>
Net assets, end of year	<u>\$ 9,484,531</u>	<u>\$ 4,973,116</u>	<u>\$ 14,457,647</u>

*See accompanying notes to consolidated financial statements.*

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## Small Steps Nurturing Center

### Consolidated Statements of Functional Expenses for the years ended June 30, 2025 and 2024

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	2025 TOTAL
Salaries and related expenses	\$ 3,430,932	\$ 190,177	\$ 443,054	\$ 4,064,163
Occupancy	364,816	9,158	19,062	393,036
Professional services	173,366	181,114	2,328	356,808
Depreciation	248,283	6,232	12,973	267,488
Food and supplies	219,376	6,138	8,768	234,282
Credit card and other processing fees		173,609		173,609
Insurance	141,989	3,564	7,419	152,972
Software and website	19,589	15,956	15,625	51,170
Printing, publications and postage	2,574	2,124	11,787	16,485
Transportation	14,797			14,797
Other	<u>57,591</u>	<u>24,124</u>	<u>6,911</u>	<u>88,626</u>
Total expenses	<u>\$ 4,673,313</u>	<u>\$ 612,196</u>	<u>\$ 527,927</u>	5,813,436
Cost of direct donor benefits				<u>554,372</u>
Total				<u>\$ 6,367,808</u>

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	2024 TOTAL
Salaries and related expenses	\$ 2,983,158	\$ 298,606	\$ 467,920	\$ 3,749,684
Occupancy	339,122	9,735	13,037	361,894
Professional services	138,330	182,978	3,135	324,443
Depreciation	140,705	3,025	7,536	151,266
Food and supplies	259,277	10,153	9,224	278,654
Credit card fees		25,600		25,600
Insurance	88,727	1,964	4,909	95,600
Software and website	24,362	9,756	14,823	48,941
Printing, publications and postage	631	1,172	14,691	16,494
Transportation	13,212			13,212
Other	<u>71,060</u>	<u>8,921</u>	<u>12,486</u>	<u>92,467</u>
Total expenses	<u>\$ 4,058,584</u>	<u>\$ 551,910</u>	<u>\$ 547,761</u>	5,158,255
Cost of direct donor benefits				<u>445,752</u>
Total				<u>\$ 5,604,007</u>

*See accompanying notes to consolidated financial statements.*

## Small Steps Nurturing Center

### Consolidated Statements of Cash Flows for the years ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 180,789	\$ 562,602
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Contributions restricted for capital projects	(54,000)	(668,821)
Depreciation	267,488	151,266
Net realized and unrealized gain on investments	(96,716)	(29,989)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(27,296)	(13,489)
Operating contributions receivable	(95,075)	244,133
Accounts payable and accrued expenses	(193,899)	130,548
Funds held for others	(7,002)	
Refundable advances – special events	<u>(93,167)</u>	<u>(81,338)</u>
Net cash provided (used) by operating activities	<u>(118,878)</u>	<u>294,912</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(1,287,673)	(78,185)
Sale of investments	535,644	
Net change in money market mutual funds and cash held for investments	2,301,586	164,292
Purchases of property	<u>(1,727,999)</u>	<u>(2,341,895)</u>
Net cash used by investing activities	<u>(178,442)</u>	<u>(2,255,788)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for capital projects	<u>171,423</u>	<u>1,193,225</u>
<b>NET CHANGE IN CASH</b>	(125,897)	(767,651)
Cash, beginning of year	<u>1,056,405</u>	<u>1,824,056</u>
Cash, end of year	<u>\$ 930,508</u>	<u>\$ 1,056,405</u>
<i>Reconciliation of cash balances:</i>		
Cash	\$ 930,508	\$ 1,015,309
Cash restricted for campus expansion capital projects	<u>                    </u>	<u>41,096</u>
Total cash	<u>\$ 930,508</u>	<u>\$ 1,056,405</u>

*See accompanying notes to consolidated financial statements.*

## Small Steps Nurturing Center

Notes to Consolidated Financial Statements for the years ended June 30, 2025 and 2024

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### NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Small Steps Nurturing Center is a Texas nonprofit corporation located in Houston, Texas, providing a comprehensive early childhood development program aimed at giving at-risk, pre-school-age children and their parents the opportunity to grow socially, emotionally, physically, intellectually, and spiritually. Small Steps Nurturing Center serves approximately 225 students at its Jensen and Gulfton campuses. Small Steps Nurturing Center relies on charitable contributions for support of its program.

Small Steps Nurturing Center Foundation (the Foundation) was incorporated as a separate nonprofit organization in 2019 to provide financial support to Small Steps Nurturing Center. The Board of Directors of the Foundation is elected by the Board of Directors of Small Steps Nurturing Center.

Basis of presentation – These consolidated financial statements include the assets, liabilities, net assets, and activities of Small Steps Nurturing Center and the Foundation (collectively Small Steps). All balances and transactions between the consolidated entities have been eliminated.

Federal income tax status – Small Steps Nurturing Center and the Foundation are exempt from federal income taxes under §501(c)(3) of the Internal Revenue Code and are classified as public charities under §509(a)(1).

Cash includes demand deposits, except that cash held for long-term investment is grouped with investments and excluded from cash in the statement of cash flows. Bank deposits exceed the federally insured limit per depositor per institution.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Contributions receivable that are expected to be collected in future years are discounted, if material, to estimate the present value of future cash flows. An allowance for uncollectible contributions receivable is provided when it is believed balances may not be collected in full.

Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Property with an original value of at least \$1,000 and an estimated useful life of more than one year is reported at cost if purchased or at fair value at the date of gift if donated. Property is depreciated using the straight-line method over estimated useful lives of 3 to 7 years for furniture, fixtures and equipment, and 10 to 30 years for buildings and improvements.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be

maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service unless the donor also has placed a time restriction on the use of the long-lived asset, in which case the release occurs over the term of the time restriction.

Contributions and government grants are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions and government grants received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions and government grants are subject to one or more barriers that must be overcome before Small Steps is entitled to receive or retain funding. Conditional contributions and government grants are recognized in the same manner when the conditions have been met. Funding received before conditions are met is reported as deferred revenue.

Contributed nonfinancial assets are recognized at fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when 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. A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which no amount has been recorded in the financial statements because the services do not meet the criteria for recognition under generally accepted accounting principles.

In 2025 and 2024, Small Steps received contributions of nonfinancial assets for professional services used in program activities. These contributions are recognized at their estimated fair value based on current rates for similar items or services.

Special events revenue includes elements of both contributions and exchange transactions and are recognized when an event occurs. Items contributed for auction at fundraising events are recognized at the amount of proceeds received from the purchaser. Cost of direct donor benefits represents the costs of goods and services provided in exchange for the amount paid by event attendees. Amounts received in advance are reported as deferred special event revenue.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Occupancy costs are allocated based on square footage.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

## NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of June 30 comprise the following:

	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash	\$ 930,508	\$ 1,056,405
Contributions receivable, net	978,898	1,001,246
Investments	<u>6,726,608</u>	<u>8,179,449</u>
Total financial assets	8,636,014	10,237,100
Less financial assets not available for general expenditure:		
Board-designated reserve funds:		
Operating reserves	(1,500,000)	(1,500,000)
Jensen expansion	(750,000)	(502,110)
Scholarship	(377,463)	(377,463)
Building maintenance	(200,000)	(200,000)
Staff assistance	(47,500)	(47,500)
Family assistance	(46,466)	(46,466)
Donor-restricted and board-designated endowment investments	(1,324,671)	(1,199,742)
Donor-restricted assets not available for general expenditure in the coming year	(238,322)	(1,462,692)
Donor-restricted for campus expansion		(3,352,078)
Funds held for others	<u>(19,041)</u>	<u>(26,043)</u>
Total financial assets available for general expenditure	<u>\$ 4,132,551</u>	<u>\$ 1,523,006</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Small Steps considers all expenditures related to its ongoing activities of providing a comprehensive early childhood development program, as well as the conduct of services undertaken to support this activity, to be general expenditures.

The Board of Directors has designated funds that are invested for long-term growth and income, but may be spent at the discretion of the Board of Directors. Small Steps regularly monitors liquidity required to meet its operating needs while striving to maximize the investment of available funds.

## NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are as follows:

	<u>2025</u>	<u>2024</u>
Total contributions receivable	\$ 988,650	\$ 1,029,447
Discount to net present value at 4.52% to 4.87%	<u>(9,752)</u>	<u>(28,201)</u>
Contributions receivable, net	978,898	1,001,246
Contributions receivable held for capital projects, net	<u>(35,377)</u>	<u>                    </u>
Operating contributions receivable, net	<u>\$ 943,521</u>	<u>\$ 1,001,246</u>

Contributions receivable at June 30, 2025 are expected to be collected as follows:

Receivable in less than one year	\$ 778,650
Receivable in one to five years	<u>210,000</u>
Total contributions receivable	<u>\$ 988,650</u>

At June 30, 2025, approximately 57% of contributions receivable were due from three donors.

*Conditional contributions* – During 2025, Small Steps received conditional commitments of \$259,500 for special events to be held in future years, conditioned upon the occurrence of the events. Cash received for conditional commitments is reported as refundable advances.

#### NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure 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. All of Small Steps’ investments are measured at fair value using Level 1 inputs, which are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.

Assets measured at fair value using Level 1 inputs are as follows:

	<u>2025</u>	<u>2024</u>
Investments:		
Money market mutual fund	\$ 3,900,586	\$ 6,198,865
Balanced income mutual fund	1,265,963	1,672,367
Equity index exchange-traded fund	1,071,268	
Fixed income exchange-traded funds	<u>183,881</u>	
Total assets measured at fair value	6,421,698	7,871,232
Cash held for investment	<u>304,910</u>	<u>308,217</u>
Total investments	<u>\$ 6,726,608</u>	<u>\$ 8,179,449</u>

Valuation methods used for assets measured at fair value are as follows:

- *Mutual funds* are valued at the reported net asset value of the shares held.
- *Exchange-traded funds* are valued at the closing price reported on the active market on which the individual securities are traded.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Small Steps believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

**NOTE 5 – PROPERTY**

Property consists of the following:

	<u>2025</u>	<u>2024</u>
Land	\$ 620,513	\$ 620,513
Buildings and improvements	7,077,950	2,937,426
Furniture, fixtures and equipment	671,242	618,249
Construction in progress	<u>                    </u>	<u>3,158,182</u>
Property, at cost	8,369,705	7,334,370
Accumulated depreciation	<u>(2,144,072)</u>	<u>(1,904,275)</u>
Property, net	<u>\$ 6,225,633</u>	<u>\$ 5,430,095</u>

**NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted as follows:

	<u>2025</u>	<u>2024</u>
Subject to passage of time or expenditure for specified purpose:		
Future operations and continuity fund		\$ 1,474,912
Scholarship	\$ 238,322	113,037
For use in future years	352,500	665,922
Campus expansion		2,687,105
Jensen campus	56,250	
Gulfton campus	56,250	
Other	<u>13,430</u>	<u>32,140</u>
Total net assets with donor restrictions	<u>\$ 716,752</u>	<u>\$ 4,973,116</u>

**NOTE 7 – ENDOWMENT FUND**

The Foundation maintains a board-designated endowment fund, which may be spent at the discretion of Small Steps’ Board of Directors. During 2024, donors to the perpetual endowment redesignated the funds to be *without donor restrictions*. Small Steps’ Board of Directors designated these funds to the board-designated endowment.

Changes in net assets of the endowment fund are as follows:

	<u>BOARD- DESIGNATED</u>	<u>WITH DONOR RESTRICTIONS</u>		<u>TOTAL</u>
		<u>INVESTMENT EARNINGS</u>	<u>PERPETUAL ENDOWMENT</u>	
Endowment net assets, June 30, 2023	\$ 710,405	\$ 22,015	\$ 371,671	\$ 1,104,091
Contributions	34,200			34,200
Redesignation of perpetual endowment	393,686	(22,015)	(371,671)	
Net investment return	<u>61,451</u>	<u>                    </u>	<u>                    </u>	<u>61,451</u>
Endowment net assets, June 30, 2024	1,199,742	0	0	1,199,742
Contributions	25,000			25,000
Net investment return	<u>99,929</u>	<u>                    </u>	<u>                    </u>	<u>99,929</u>
Endowment net assets, June 30, 2025	<u>\$ 1,324,671</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,324,671</u>

## NOTE 8 – GOVERNMENT GRANTS

Government grant revenue is recognized as follows:

	<u>2025</u>	<u>2024</u>
U. S. Department of Agriculture:		
Child and Adult Care Food Program	\$ <u>203,339</u>	\$ <u>156,753</u>
Total government grants	\$ <u>203,339</u>	\$ <u>156,753</u>

Small Steps' government grants require fulfillment of certain conditions as set forth in the grant contracts and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of non-compliance by Small Steps with the terms of the contracts. Management believes such disallowances, if any, would not be material to Small Steps' financial position or changes in net assets.

## NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 17, 2026, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

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