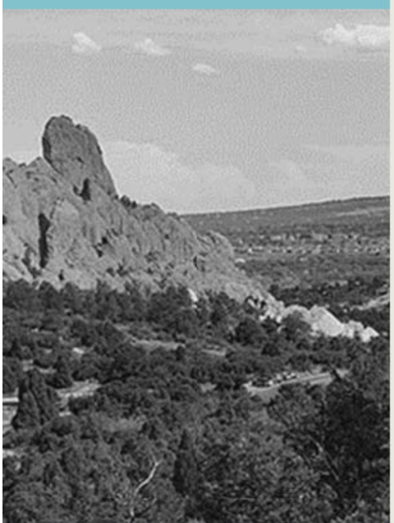

Consolidated Financial Statements

The Colorado Springs Child Nursery Centers, Inc. and Affiliates dba Early Connections Learning Centers

For the year ended December 31, 2025

THE COLORADO SPRINGS CHILD NURSERY CENTERS, INC. AND AFFILIATES DBA EARLY CONNECTIONS LEARNING CENTERS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Colorado Springs Child Nursery Centers, Inc. and Affiliates
dba Early Connections Learning Centers
Colorado Springs, Colorado

Opinion

We have audited the accompanying consolidated financial statements of The Colorado Springs Child Nursery Centers, Inc. and Affiliates dba Early Connections Learning Centers (collectively the Organization), which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2025, and the changes in their net assets and their consolidated 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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.

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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 consolidated 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2024 consolidated financial statements and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated March 25, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Sorren CPAs P.C.

Colorado Springs, Colorado
June 1, 2026

THE COLORADO SPRINGS CHILD NURSERY CENTERS, INC. AND AFFILIATES DBA EARLY CONNECTIONS LEARNING CENTERS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025 (with comparative totals for 2024)

	2025					2024
	Without Donor Restriction			With Donor		
	Undesignated	Designated	Total	Restriction	Total	Total
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 4,856,048	$ 35,604	$ 4,891,652	$ 1,300,654	$ 6,192,306	$ 543,529
Restricted cash	421,644		421,644		421,644	
Accounts receivable	204,009		204,009		204,009	187,949
Pledges receivable, current portion				372,330	372,330	235,896
Investments		2,820,167	2,820,167	1,970,983	4,791,150	4,335,059
Prepaid expenses	40,255		40,255		40,255	29,034
Total current assets	5,521,956	2,855,771	8,377,727	3,643,967	12,021,694	5,331,467
PLEDGES RECEIVABLE				33,000	33,000	5,000
NEW MARKET TAX CREDIT NOTE RECEIVABLE, NET	1,846,548		1,846,548		1,846,548	
BENEFICIAL INTEREST IN PERPETUAL TRUSTS				912,360	912,360	835,255
PROPERTY AND EQUIPMENT, NET	7,623,953		7,623,953		7,623,953	5,506,883
TOTAL ASSETS	$ 14,992,457	$ 2,855,771	$ 17,848,228	$ 4,589,327	$ 22,437,555	$ 11,678,605
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	$ 117,436		$ 117,436		$ 117,436	$ 147,316
Accrued expenses	1,268,617		1,268,617		1,268,617	341,564
Notes payable, current portion	25,396		25,396		25,396	
Total current liabilities	1,411,449	$ —	1,411,449	$ —	1,411,449	488,880
LINE OF CREDIT	309,694		309,694		309,694	
NOTES PAYABLE	4,253,102		4,253,102		4,253,102	
Total liabilities	5,974,245		5,974,245		5,974,245	488,880
NET ASSETS	9,018,212	2,855,771	11,873,983	4,589,327	16,463,310	11,189,725
TOTAL LIABILITIES AND NET ASSETS	$ 14,992,457	$ 2,855,771	$ 17,848,228	$ 4,589,327	$ 22,437,555	$ 11,678,605

See notes to consolidated financial statements.

THE COLORADO SPRINGS CHILD NURSERY CENTERS, INC. AND AFFILIATES DBA EARLY CONNECTIONS LEARNING CENTERS

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025 (with comparative totals for 2024)

	2025					
	Without Donor Restriction					
	Undesignated	Board Designated	Total	With Donor Restriction	Total	2024 Total
REVENUES						
Donated imputed interest on notes payable	$ 7,718,102		$ 7,718,102		$ 7,718,102	
Program service fees	4,621,918		4,621,918		4,621,918	$ 4,768,544
Contributions	2,372,687		2,372,687	$ 1,755,783	4,128,470	3,272,509
Investment income	36,939	$ 298,478	335,417	346,947	682,364	404,585
Gain on beneficial interest in perpetual trusts				77,105	77,105	50,066
Other income (loss)						(444,517)
Net assets released from restrictions—						
Satisfaction of time and purpose restrictions	700,348	206,296	906,644	(906,644)		
Transfers	224,480	(224,480)				
Total revenues	15,674,474	280,294	15,954,768	1,273,191	17,227,959	8,051,187
EXPENSES						
Program	10,956,724		10,956,724		10,956,724	5,593,418
Fundraising	539,533		539,533		539,533	506,198
Management and general	458,117		458,117		458,117	415,906
Total expenses	11,954,374	—	11,954,374	—	11,954,374	6,515,522
CHANGE IN NET ASSETS	3,720,100	280,294	4,000,394	1,273,191	5,273,585	1,535,665
NET ASSETS, Beginning of year	5,298,112	2,575,477	7,873,589	3,316,136	11,189,725	9,654,060
NET ASSETS, End of year	$ 9,018,212	$ 2,855,771	$ 11,873,983	$ 4,589,327	$ 16,463,310	$ 11,189,725

See notes to consolidated financial statements.

THE COLORADO SPRINGS CHILD NURSERY CENTERS, INC. AND AFFILIATES DBA EARLY CONNECTIONS LEARNING CENTERS

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025 (with comparative totals for 2024)

	2025				
	Program	Fundraising	Management and General	Total	2024 Total
Imputed interest on note receivable	$ 5,419,852			$ 5,419,852	
Salaries, taxes and benefits	3,935,595	$ 379,879	$ 374,563	4,690,037	$ 4,827,235
Food	449,615			449,615	508,092
Supplies	281,098	9,853	22,250	313,201	190,220
Repairs and maintenance	246,936	13,419	13,419	273,774	244,910
Professional fees	162,446	7,078	12,906	182,430	195,679
Insurance	114,530	2,463	6,158	123,151	83,963
Depreciation and amortization	93,635	1,035	11,736	106,406	71,526
Fundraising expenses		90,118		90,118	81,716
Telephone and utilities	67,590	3,601	3,601	74,792	68,762
Home Network expenses	64,154			64,154	52,768
Conferences and travel	35,388	12,625	9,466	57,479	68,092
Advertising and recruitment	39,357	4,668	2,659	46,684	55,917
Rental expense	29,581	1,258	1,258	32,097	33,404
Other	16,947	13,536	101	30,584	33,238
Total	$ 10,956,724	$ 539,533	$ 458,117	$ 11,954,374	
Percentage	92%	4%	4%	100%	
Comparative totals — 2024	$ 5,593,418	$ 506,198	$ 415,906		$ 6,515,522
Comparative percentage — 2024	86%	8%	6%		100%

See notes to consolidated financial statements.

THE COLORADO SPRINGS CHILD NURSERY CENTERS, INC. AND AFFILIATES DBA EARLY CONNECTIONS LEARNING CENTERS

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025 (with comparative totals for 2024)

	2025	2024
OPERATING ACTIVITIES		
Change in net assets	$ 5,273,585	$ 1,535,665
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	101,316	71,526
Discount on note payable for imputed interest	(7,718,102)	
Discount on imputed interest for note receivable	5,419,852	
Amortization of note payable discount	33,089	
Amortization of note receivable discount	(42,400)	
Amortization of debt issuance costs	5,090	
Provisions for credit losses	20,670	15,989
Unrealized and realized gain on investments	(553,316)	(281,124)
Gain on beneficial interest in perpetual trusts	(77,105)	(50,066)
Loss on disposal of property and equipment		444,517
Contributions restricted to building project	(3,028,061)	(2,597,251)
Contributions restricted to endowment	(49,500)	
Changes in operating assets and liabilities:		
Accounts receivable	(36,730)	4,272
Pledges receivable	102,708	17,142
Prepaid expenses	(11,221)	(5,117)
Accounts payable and accrued expenses	(117,643)	181,499
Net cash used in operating activities	(677,768)	(662,948)
INVESTING ACTIVITIES		
Purchases of property and equipment	(1,203,570)	(3,514,533)
Purchases of investments	(1,297,177)	(1,512,769)
Sales of investments	1,394,402	2,413,601
Net cash used in investing activities	(1,106,345)	(2,613,701)
FINANCING ACTIVITIES		
Collections of contributions restricted to building project	2,760,919	2,704,251
Collections of contributions restricted to endowment	49,500	
Borrowings on notes payable	5,790,421	
Repayments on notes payable	(1,056,000)	
Advances on line of credit	1,133,000	
Payments on line of credit	(823,306)	
Net cash provided by financing activities	7,854,534	2,704,251

(Continued)

THE COLORADO SPRINGS CHILD NURSERY CENTERS, INC. AND AFFILIATES DBA EARLY CONNECTIONS LEARNING CENTERS

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025 (with comparative totals for 2024)

	2025	2024
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,070,421	(572,398)
CASH AND CASH EQUIVALENTS, Beginning of year	543,529	1,115,927
CASH AND CASH EQUIVALENTS, End of year	$ 6,613,950	$ 543,529
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF FINANCIAL POSITION:		
Cash and cash equivalents	$ 6,192,306	$ 543,529
Restricted cash	421,644	
Total	$ 6,613,950	$ 543,529
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 140,594	$ —
Acquisition of property and equipment through accrued expenses	$ (1,014,816)	$ —
Issuance of new market tax credit note receivable through note payable	$ (7,224,000)	$ —

See notes to consolidated financial statements. (Concluded)

THE COLORADO SPRINGS CHILD NURSERY CENTERS, INC. AND AFFILIATES DBA EARLY CONNECTIONS LEARNING CENTERS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Colorado Springs Child Nursery Centers, Inc. and Affiliates dba Early Connections Learning Centers (the Center) offers a comprehensive program of social, emotional and cognitive development for children in the Pikes Peak Region. This includes education with an emphasis on literacy and language development, and nutrition and health, all in partnership with families. The Center's goal is to help each child grow physically, mentally and cognitively in an atmosphere of acceptance that helps build feelings of confidence and independence. Every effort is made to consider the whole child in all environmental experiences.

The Colorado Springs Child Nursery Centers, Inc. Foundation (the Foundation) was organized for the purpose of raising and investing funds for the mission of the Center. The Foundation's Board of Directors is made up of members from the Center's Board of Directors as well as individuals from the community. Foundation income may be distributed to the Center to meet operating and non-operating expenses upon resolution of the Foundation Board.

Day Nursery Building Corp., CNC-Chelton Building Corp., and Early Connections QALICB, Inc. are real estate holding companies established for the benefit of the Center.

Principles of Consolidation — The consolidated financial statements include the accounts of the Center, the Foundation, Home Network, Early Connections QALICB Inc., Day Nursery Building Corp. and CNC-Chelton Building Corp. (collectively, the Organization). All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation — The Organization reports information regarding its consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions, which represents the expendable resources that are available for operations at management's discretion; and net assets with donor restrictions, which represents resources restricted by donors as to purpose or by the passage of time and resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

The accompanying consolidated financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Cash and Cash Equivalents — For the purposes of the consolidated financial statements, cash and cash equivalents are defined as cash on hand, demand deposits at banks, and money market funds.

The Organization maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits.

Restricted Cash — Restricted cash consists of cash balances held in reserve accounts required by loan agreements for debt repayment. These funds are not available for general operation.

Contributions — Gifts of cash and other assets received without donor stipulations are reported as revenue without donor restrictions and net assets without donor restrictions. Gifts 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 accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue and net assets without donor restriction. Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and is reported as contribution revenue.

Program Service Fees — Program service fees are recognized in the period to which they relate, as performance obligations are met. Due to the nature of program services and underlying revenue sources, a portion of program service fees are considered contributions and the remaining portion is related directly to contracts with customers. For the years ended December 31, 2025 and 2024, $827,988 and $735,529, respectively, of program service fees are related to contracts with customers.

Donated Services and Materials — Donated services and materials are recorded as both a revenue and expenditure in the accompanying statements of activities and changes in net assets at their estimated values. Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations.

Accounts Receivable — Accounts receivable are stated at the invoiced amount. Management provides for probable uncollectible amounts through a provision for credit losses based on its assessment of the current status of individual accounts, historical information and current economic conditions. Accounts receivable are considered by management to be fully collectible and accordingly, no allowance for credit losses is deemed necessary.

Pledges Receivable — Management believes that all pledges receivable recorded at December 31, 2025 and 2024 are collectible and no allowance for doubtful contributions is deemed necessary.

Investments — Investments are recorded at fair value. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized. Donated investments are recorded at fair value on the date of donation. Fair values for money market funds, stock and mutual funds are determined through quoted market prices.

Property and Equipment — Property and equipment are recorded at cost or at fair value at date of receipt if donated. Depreciation is provided for on a straight-line basis over the estimated useful lives of the assets, which range from three to fifty years. All acquisitions in excess of $5,000 and expenditures for repairs, maintenance and improvements that materially extend the useful lives of assets are capitalized.

Compensated Absences — Employees of the Organization earn a vested right to compensation for unused vacation time. Accordingly, the Organization has made an accrual for vacation compensation that employees have earned but not taken.

Tax Status — The Center, the Foundation and Early Connections QALICB, Inc. are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Day Nursery Building Corp. and CNC-Chelton Building Corp. are exempt from federal income taxes under Section 501(c)(2) of the Internal Revenue Code. The Organization believes that it does not have any uncertain tax positions that are material to the consolidated financial statements.

Use of Estimates — Preparation of the Organization's consolidated 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 consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events — The Organization has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the consolidated financial statements were available for issuance.

2. LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets as of December 31, 2025 and 2024, reduced by amounts that are not available to meet general expenditures within one year of the balance sheet date because of contractual restrictions or internal board designations. Amounts not available include net assets with donor restrictions and net assets with board designations.

	2025	2024
Cash and cash equivalents	$ 6,192,306	$ 543,529
Accounts receivable	204,009	187,949
Pledges receivable	405,330	240,896
Investments	4,791,150	4,335,059
Total financial assets	11,592,795	5,307,433
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with time restrictions	(33,000)	(5,000)
Restricted by donors with purpose restrictions	(1,300,653)	(445,406)
Endowment funds less beneficial interest in perpetual trusts	(1,970,984)	(1,794,579)
Total amounts unavailable for general expenditures within one year	(3,304,637)	(2,244,985)

	2025	2024
Less amounts unavailable to management without Board's approval:		
Board designated	(2,855,771)	(2,575,477)
Total amounts unavailable to management	(6,160,408)	(4,820,462)
Total financial assets available to management to meet cash needs for general expenditures within one year	$ 5,432,387	$ 486,971

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests any cash in excess of daily requirements in short-term investments. The Organization's typical operating procedure to manage an emergency cash flow need is to draw from the Organization's line of credit (see Note 11) or draw funds from the Foundation. The Organization manages its cash flow through regular (daily) analysis of cash flows and budgeted expenses.

During 2025, Early Connections QALICB, Inc. entered into several new debt agreements to finance the rehabilitation of two locations. As a result, a portion of cash on hand at year end is designated or restricted for construction and related costs project and is therefore not available for general expenditure.

3. METHODS USED FOR ALLOCATION OF EXPENSES AMONG PROGRAM AND SUPPORTING SERVICES

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, supplies, repairs and maintenance, professional fees, depreciation and other operating expenses, which are allocated on the basis of estimates of time and effort spent by personnel in the various program and supporting services or use of supplies.

4. PLEDGES RECEIVABLE

The Organization has pledges receivable from donors. Pledges receivable are as follows as of December 31:

	2025	2024
Due in less than one year	$ 372,330	$ 235,896
Due in two to five years	33,000	5,000
Total	$ 405,330	$ 240,896

In addition, the Organization has received conditional pledges related to its capital campaign. These contributions are contingent upon the Organization raising a specified level of funds and completing the building projects. Accordingly these amounts have not been recognized as revenue at December 31, 2025.

As of December 31, 2025, conditional contributions outstanding totaled $250,000.

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	2025	2024
Buildings and improvements	$ 6,329,393	$ 6,473,997
Construction in progress	2,362,991	
Furniture and equipment	758,385	758,385
Land	698,198	698,198
Total	10,148,967	7,930,580
Less accumulated depreciation	(2,525,014)	(2,423,697)
Property and equipment, net	$ 7,623,953	$ 5,506,883

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization is required to use a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Prices determined using significant unobservable inputs.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets measured on a recurring basis stated at fair value as of December 31:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2025:				
Investments:				
Equity mutual funds:				
International funds	$ 932,701	$ 932,701		
Large-cap growth funds	912,384	912,384		
Large-cap value funds	832,771	832,771		
Alternative funds	286,100	286,100		
Mid-cap blend funds	250,730	250,730		
Fixed income mutual fund	1,576,464	1,576,464		
Total investments	4,791,150	4,791,150	$ —	$ —
Beneficial interest in perpetual trusts	912,360		912,360	
Total	$ 5,703,510	$ 4,791,150	$ 912,360	$ —
2024:				
Investments:				
Common stock equity	$ 5,034	$ 5,034		
Equity mutual funds:				
International funds	782,161	782,161		
Large-cap growth funds	749,291	749,291		
Large-cap value funds	763,973	763,973		
Alternative funds	388,388	388,388		
Mid-cap blend funds	225,038	225,038		
Fixed income mutual fund	1,421,174	1,421,174		
Total investments	4,335,059	4,335,059	$ —	$ —
Beneficial interest in perpetual trusts	835,255		835,255	
Total	$ 5,170,314	$ 4,335,059	$ 835,255	$ —

7. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Organization is an income beneficiary of three separate trusts whose principal is held in perpetuity at various financial institutions. The Organization's share of the fair value of the trusts totaled $912,360 and $835,255 at December 31, 2025 and 2024, respectively.

The fair value of the Organization's interest in the trusts is determined primarily based on the Organization's proportionate share of the fair value of the underlying assets of the trusts. Fair value of the underlying assets is determined using quoted market prices and pricing services. The Organization received $45,979 and $32,634 in distributions from the trusts during the years ended December 31, 2025 and 2024, respectively. The Organization's shares of gains from these trusts were $77,105 and $50,066 in 2025 and 2024, respectively.

8. BOARD DESIGNATED NET ASSETS

The Board of Directors has designated the Foundation assets, excluding the endowment funds to be held indefinitely, for the purpose of generating additional income to be used for the Organization's operations. As of December 31, 2025 and 2024, board designated net assets were $2,855,771 and $2,575,477, respectively.

9. NET ASSETS WITH DONOR RESTRICTION

Net assets are restricted for the following purposes or periods, as of December 31:

	2025	2024
Endowment funds	$ 2,883,344	$ 2,629,834
Subject to the passage of time	405,330	240,896
Subject to expenditure for a specified purpose	1,300,653	445,406
Total	$ 4,589,327	$ 3,316,136

Endowment funds include the balance to be held indefinitely and the income from those assets which can be used for operations.

10. ENDOWMENT FUNDS

The Organization's endowment consists of five donor restricted endowment funds established and restricted for the purpose of supporting the operations of the Organization. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Colorado adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions to be held permanently (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions to be held permanently is classified as net assets with donor restrictions subject to time restriction until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation 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 the Organization

Changes in endowment fund net assets and the endowment net asset composition by type of fund as of December 31 are as follows:

	With Donor Restriction
Year ended December 31, 2025:	
Endowment balance, beginning of year	$ 2,629,834
Total investment return	203,710
Contributions	49,800
Endowment balance, end of year	$ 2,883,344
Net assets with donor restrictions:	
Endowment funds that are required to be retained permanently by donor	$ 1,624,036
Endowment funds held in perpetual trusts	912,360
Accumulated investment gains	346,948
Total	$ 2,883,344
Year ended December 31, 2024:	
Endowment balance, beginning of year	$ 2,361,527
Total investment return	267,107
Contributions	1,200
Endowment balance, end of year	$ 2,629,834
Net assets with donor restrictions:	
Endowment funds that are required to be retained permanently by donor	$ 1,574,236
Endowment funds held in perpetual trusts	835,255
Accumulated investment gains	220,343
Total	$ 2,629,834

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. The Organization did not have such deficiencies as of December 31, 2025 and 2024. The Organization has adopted investment and spending policies for endowment assets that 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. Under this policy the endowment assets are invested in a manner that is intended to produce maximum results with stated risk tolerances.

The Organization expects its endowment funds, over time, to provide an average rate of return of approximately the sum of 3.5% plus the consumer price in (CPI) annually. Actual returns in any given year may vary from this amount.

Included in endowments are perpetual trusts held by third parties, these trusts are controlled by the third party and the investment policies of the Organization does not apply to them.

To satisfy its long-term rate-of-return objectives, the Organization 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). The Organization targets a diversified asset allocation that places a great emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Equity based investments include large-cap, mid-cap, small-cap and international equities. The Organization also uses fixed income securities to achieve its objectives.

11. LINE OF CREDIT

As of December 31, 2023, the Organization had a $300,000 line of credit with a bank that expired October 1, 2024. During 2024, the line of credit was extended to October 1, 2025 and the line of credit was closed at that time. The line of credit bore interest at the prime rate and was secured by all accounts, instruments, and investments. There was no outstanding balance on the line as of December 31, 2024.

The Organization established a $500,000 line of credit with a bank during the year ended December 31, 2020 that expires October 1, 2030. The line of credit bears interest at prime rate less 0.25% (6.50% as of December 31, 2025) and is secured by the property at 104 E. Rio Grande Street, Colorado Springs, Colorado. The line of credit had an outstanding balance of $309,694 as of December 31, 2025. There was no outstanding balance on the line as of December 31, 2024.

12. NOTES PAYABLE

Notes payable consist of the following at December 31:

	2025	2024
Note payable, maturing December 31, 2059. Interest only payments at 1.227% are due through December 2032. Following the interest only period, interest and principal payments are due monthly through maturity. The note is collateralized by all assets of December 31, 2025. See further information in Note 13.	$ 7,224,000	
Note payable, maturing December 31, 2059. Interest only payments at 1.227% are due through December 2032. Following the interest only period, interest and principal payments are due monthly through maturity. The note is collateralized by all assets of December 31, 2025. See further information in Note 13.	2,961,000	
Note payable with an initial maturity of January 30, 2028 with an option to extend to July 30, 2032 if certain conditions are satisfied. The note bears interest at 7.50%, if the note is extended the interest rate adjusts to the 5 Year Constant Treasury rate plus 2.50% with a floor of 6.75%. Interest only payments are due quarterly. Principal payments are due as the Organization collects capital campaign contributions. All capital campaign receipts shall be deposited into a reserve account until remitted as a principal payment on this note. The note is collateralized by the reserve account and a deed of trust on the Chelton property.	1,072,000	

	2025	2024
Note payable with an initial maturity of January 30, 2028 with an option to extend to July 30, 2032 if certain conditions are satisfied. The note bears interest at 7.50%, if the note is extended the interest rate adjusts to the 5 Year Constant Treasury rate plus 2.50% with a floor of 6.75%. Interest only payments are due quarterly. Principal payments are due as the Organization collects capital campaign contributions. All capital campaign receipts shall be deposited into a reserve account until remitted as a principal payment on this note. The note is collateralized by the reserve account and a deed of trust on the Chelton property.	1,072,000	
Unsecured note payable, maturing May 31, 2032. Monthly principal and interest payments of $5,189 are due starting in June 2026. The note bears interest at 3.50%.	325,000	
Unsecured note payable, maturing April 15, 2032. Quarterly principal and interest payments of $4,568 are due starting in July 2026. The note bears interest at 3.00%.	100,000	
Total	12,754,000	$ —
Less discount for imputed interest	(7,685,013)	
Less debt issuance costs	(790,489)	
Less current portion	(37,378)	
Total notes payable, long-term	$ 4,253,102	$ —

Notes payable principal payments due in each of the next five years ending December 31 and thereafter are as follows:

2026	$ 37,378
2027	68,045
2028	2,214,383
2029	72,802
2030	75,304
Thereafter	10,286,088
Total	$ 12,754,000

The notes payable and line of credit agreements contains affirmative covenants and certain financial ratios, which include maintaining a minimum debt service coverage ratio. As of December 31, 2025, the Organization believes it is in compliance with such covenants.

13. NEW MARKET TAX CREDITS

During the year ended December 31, 2025, the Organization entered into a New Market Tax Credit (NMTC) financing arrangement for the purpose of financing the construction and rehabilitation of two early learning centers located on two parcels of land.

As part of the arrangement, the Organization received two notes payable from a bank totaling $10,185,000 bearing interest at 1.227% maturing December 31, 2059. Debt issuance costs of $755,579 were incurred related to the issuance of these notes and are being amortized over the life of the note. As of December 31, 2025, accumulated amortization totaled $3,855.

Under the terms of the loan, certain amounts of the loan may be forgiven if used for qualifying expenses under the Community Renewal Tax Relief Act. The Organization intends to use the entire loan amount for qualifying expenses.

As part of the NMTC financing arrangement, the Organization issued a note receivable of $7,224,000 to a third-party. The note bears interest at 1.00%, with interest-only payments due monthly through June 2023, followed by principal and interest payments through maturity in June 2055. Interest revenue recognized was $27,262 for the year ended December 31, 2025.

During the year ended December 31, 2025, the Organization recognized non-cash contribution revenue of $7,718,102 representing the imputed interest discount associated with the NMTC loan. A corresponding non-cash expense of $5,419,852 was also recognized to reflect the imputed interest on the note receivable.