HINKLE + LANDERS
Certified Public Accountants + Business Consultants

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

For the Year Ended December 31, 2025,
With Comparative Totals for 2024

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025, WITH COMPARATIVE TOTALS FOR 2024

TABLE OF CONTENTS

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
OFFICIAL ROSTER
AS OF DECEMBER 31, 2025

Board of Directors

Name	Title
Mariam Bruce	Chair
Emily Rembe Benak	Vice Chair
Suzanne Mirabal	Treasurer
Vikki Everett	Secretary
Bayard Roberts IV	Secretary
Cheryl Hardt	Immediate Past Chair
Taylor Allen	Member
Angela Baca	Member
Frank Fine	Member
Aimée González	Member
Nicole Johnny	Member
Monica Jojola	Member
Chariss Lin	Member
Maurice Portillo	Member
Cara Gordon Potter	Member
Jacob Sena	Member
Tana Traylor	Member
Omni Warner	Member

Principal Administration

Name	Title
Lindsey Kay	President

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board of Directors and Management of
Women's Economic Self-Sufficiency Team, Corp
Albuquerque, NM

Opinion

We have audited the accompanying financial statements of the Women's Economic Self-Sufficiency Team, Corp ("WESST"), which comprise the Statement of Financial Position as of December 31, 2025, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WESST as of December 31, 2025, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAGAS), 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 WESST and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 WESST'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 GAAS and GAGAS 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAGAS, 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 WESST'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 WESST'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 WESST's December 31, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 7, 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 financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with GAGAS, we have also issued our report dated June 22, 2026, on our consideration of WESST'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 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 internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with GAGAS in considering WESST's internal control over financial reporting and compliance.

Hinkle + Landers, PC

Hinkle + Landers, PC
Albuquerque, NM
June 22, 2026

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025, WITH COMPARATIVE TOTALS FOR 2024

	Notes	2025	2024
ASSETS			
Current Assets			
Cash and Cash Equivalents	2	$ 2,681,585	1,929,802
Grants and Contracts Receivable		940,030	839,080
Contributions Receivable - Current	4	451,695	117,550
Loans Receivable - Current	3	462,839	391,815
Accounts Receivable, Net		17,046	13,052
Prepaid Expenses		135,635	54,610
Total Current Assets		4,688,830	3,345,909
Restricted Cash for Programs	2	1,664,254	1,965,641
Contributions Receivable - Noncurrent, Net	4	480,500	47,548
Loans Receivable - Noncurrent, Net	3	552,876	447,028
Property and Equipment, Net	6	5,826,461	6,037,763
Right of Use Assets, Net	8	-	29,929
Beneficial Interest in Assets Held by Others	5	22,523	20,010
Deposits		4,224	4,224
Total Assets		$ 13,239,668	11,898,052
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable		$ 129,440	187,590
Payroll Related Liabilities and Compensated Absences	9	120,996	80,476
Deferred Revenues	10	63,017	490,005
Lease Liability - Current	8	-	17,949
Line of Credit	13	100,000	100,000
Programmatic Notes Payable - Current	11	114,882	172,284
Total Current Liabilities		528,335	1,048,304
Noncurrent Liabilities			
Deposits		24,408	23,457
Programmatic Secured Debt	12	91,468	138,679
Lease Liability - Noncurrent	8	-	12,791
Programmatic Notes Payable - Noncurrent	11	431,162	546,002
Total Noncurrent Liabilities		547,038	720,929
Total Liabilities		1,075,373	1,769,233
Net Assets			
Without Donor Restrictions		7,317,669	6,554,026
With Donor Restrictions	16	4,846,626	3,574,793
Total Net Assets		12,164,295	10,128,819
Total Liabilities and Net Assets		$ 13,239,668	11,898,052

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025, WITH COMPARATIVE TOTALS FOR 2024

	2025			2024
SUPPORT AND REVENUE	Without Donor Restrictions	With Donor Restrictions	Total	Total
Contributions	283,270	2,462,500	2,745,770	832,383
Federal Grants	$ 1,725,903	-	1,725,903	1,866,053
State and Other Grants	971,826	-	971,826	1,348,506
WEC Membership and Charges for Services	369,082	-	369,082	332,872
Special Events	-	181,592	181,592	200,428
Less: Direct Expenses	-	(33,178)	(33,178)	(32,797)
Net Revenue from Special Events	-	148,414	148,414	167,631
In-Kind Contributions	76,911	-	76,911	152,173
Loan Interest and Fees	74,284	-	74,284	52,678
Consulting, Training, and Other	47,577	-	47,577	81,434
Contract Revenue - ECECD	29,884	-	29,884	4,429,139
Interest Income	12,316	-	12,316	9,786
Investment Return, Net	-	2,513	2,513	1,155
Total Support and Revenue	3,591,053	2,613,427	6,204,480	9,273,810
Net Assets Released from Restrictions	1,341,594	(1,341,594)	-	-
EXPENSES				
Program Services	3,529,838	-	3,529,838	8,317,011
Supporting Services				
Management and General	404,861	-	404,861	121,108
Fundraising	234,305	-	234,305	208,981
Total Supporting Services	639,166	-	639,166	330,089
Total Expenses	4,169,004	-	4,169,004	8,647,100
Change in Net Assets	763,643	1,271,833	2,035,476	626,710
Net Assets, Beginning of Year	6,554,026	3,574,793	10,128,819	9,502,109
Net Assets, End of Year	$ 7,317,669	4,846,626	12,164,295	10,128,819

The independent auditor's report and accompanying notes are an integral part of these financial statements.

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025, WITH COMPARATIVE TOTALS FOR 2024

		Supporting Services			
	Program	Mgt & General	Fund-Raising	2025 Total	2024 Total
Salaries and Wages	$ 1,971,659	42,392	157,421	2,171,472	2,379,761
Payroll Taxes	190,582	8,970	14,980	214,532	174,481
Employee Benefits	190,546	14,208	17,027	221,781	176,250
Total Personnel Expense	2,352,787	65,570	189,428	2,607,785	2,730,492
Professional Services	425,315	50,835	54,519	530,669	541,738
Depreciation and Amortization	211,302	21,365	-	232,667	240,521
Dues, Subscriptions, and Fees	57,804	67,297	5,289	130,390	85,819
Occupancy	126,337	-	-	126,337	135,969
Provision for Credit Loss - Loans	75,119	21,667	-	96,786	(23,144)
Repairs and Maintenance	86,624	489	-	87,113	140,584
Training	53,695	8,006	8,989	70,690	86,625
Travel	52,807	6,346	756	59,909	92,291
Provision for Credit Loss - Other AR	23,802	28,818	1,500	54,120	-
Insurance	7,936	40,612	-	48,548	42,244
Telecommunications/Internet	21,710	23,042	-	44,752	37,719
Interest	306	29,410	-	29,716	19,334
Accounting and Legal	-	28,305	-	28,305	27,875
Supplies	10,479	10,974	6,560	28,013	71,854
Printing and Postage	15,265	1,320	82	16,667	16,350
ECECD Contract Expense	5,406	-	-	5,406	4,429,139
Miscellaneous	2,973	609	-	3,582	1,000
Advertising	171	196	360	727	3,487
Total Expenses	3,529,838	404,861	267,483	4,202,182	8,679,897
Less Expenses Included on Statement of Activities:					
Direct Expenses of Special Events	-	-	(33,178)	(33,178)	(32,797)
Grand Total	$ 3,529,838	404,861	234,305	4,169,004	8,647,100

The independent auditor's report and accompanying notes are an integral part of these financial statements.

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025, WITH COMPARATIVE TOTALS FOR 2024

	2025	2024
Cash Flows From Operating Activities		
Cash Receipts From Grants and Contracts	$ 2,199,675	7,737,484
Cash Receipts From Contributions	1,978,673	766,116
Cash Receipts From WEC Memberships and Services	365,088	364,701
Cash Receipts From Special Events	181,592	200,428
Cash Receipts From Training, Consulting, and Other	47,577	81,434
Interest, Loan Interest, and Loan Fees Received	86,600	62,464
Interest Paid	(29,716)	(19,334)
Cash Paid to Employees and Suppliers	(3,584,215)	(8,312,111)
Cash Provided By Operating Activities	1,245,274	881,182
Cash Flows From Investing Activities		
Loan Repayments	454,557	570,820
Loans Issued	(728,215)	(352,204)
Cash Provided By (Used For) Investing Activities	(273,658)	218,616
Cash Flows From Financing Activities		
Proceeds From Line of Credit	-	50,000
Proceeds From Secured Borrowings	28,929	44,361
Principal Payments on Secured Borrowings	(76,140)	(14,500)
Principal Payments on Notes Payable	(172,242)	(199,805)
Principal Payments on Finance Lease Liabilities	(380)	(4,472)
Cash Used For Financing Activities	(219,833)	(124,416)
Net increase	751,783	975,382
Beginning Cash and Cash Equivalents	1,929,802	954,420
Ending Cash and Cash Equivalents	$ 2,681,585	1,929,802

RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES

		2025	2024
Change in Net Assets	$	2,035,476	626,710
Adjustments to Reconcile Change in Net Assets to			
Depreciation		211,302	210,714
Amortization		21,364	29,808
Provision for Loan Losses		96,786	(23,144)
(Increases) Decreases in Operating Assets:			
Contribution Receivables		(767,097)	(66,267)
Grants and Contracts Receivable		(100,950)	(60,308)
Accounts Receivable		(3,994)	31,829
ROU - Operating Lease		8,565	-
Prepaid Expense		(81,025)	(35,980)
Restricted Cash		301,387	(145,744)
Beneficial Interest in Assets Held by Others		(2,513)	(1,155)
Security Deposits		-	(675)
Increase (Decrease) in Operating Liabilities:			
Accounts Payable		(58,150)	163,847
Payroll Related Liabilities		40,520	19,870
Lease Liability - Operating Lease		(30,360)	(25,185)
Deferred Revenue		(426,988)	154,094
Deposits		951	2,768
Cash Provided By Operating Activities	$	1,245,274	881,182

Supplementary NonCash Transactions

		2025	2024
In-Kind Supplies	$	28,013	37,213
In-Kind Services		27,486	73,270
In-Kind Donated Space		21,412	41,690
	$	76,911	152,173

Note 1. Summary of Significant Accounting Policies

A. Nature of Activities

The Women's Economic Self-Sufficiency Team, Corp ("WESST") is a nonprofit organization dedicated to helping individuals start and grow businesses throughout New Mexico.

WESST Real Estate Holdings, LLC (the "LLC") was established in 2009 under the New Mexico Limited Liability Company Act to manage real estate investments. The LLC holds the land detailed in Note 6. The Boards of Directors for WESST and the LLC are identical, with WESST serving as the sole member of the LLC. The LLC operates in a manner that preserves WESST's tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

WESST accomplishes its mission through the following programs:

Business Consulting and Training — Clients receive personalized coaching in areas such as sales and marketing, production, management, and finance. Additionally, group workshops are offered on a variety of basic and advanced business topics.

Financial Assistance — WESST provides a revolving loan fund for small businesses that are unable to secure financing from traditional lenders. Support is also offered to help clients access other financial resources.

To enhance its program delivery, WESST utilizes the WESST Enterprise Center (WEC), a 37,000-square-foot mixed-use business incubation facility that accommodates up to twenty light manufacturing, service, professional, and technology businesses.

WESST's primary sources of revenue include grants, contracts, contributions, and earned income.

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to nonprofit entities.

C. Financial Statement Presentation

WESST prepares financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and subsections of *Not-for-Profit Entities*

Under 958-205, WESST is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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 WESST. WESST's Board of Directors may designate assets without restrictions for specific operational purposes from time to time.

Net Assets With Donor Restrictions-Time/Purpose—Net assets with temporary donor restrictions are the result of contributions and other inflows of assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions can be fulfilled and removed by actions of the organization pursuant to those stipulations or by the passage of time. Other donor restrictions are perpetual in nature. See Net Assets with Donor Restrictions Note 16.

Net Assets With Donor Restrictions-Perpetual in Nature—Net assets with perpetual donor restrictions resulting from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that cannot be removed by actions of the Organization. See Beneficial Interest in Asset Held by Third Party Note 5.

D. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits at banks and savings accounts at financial institutions. For the Statement of Cash Flows, WESST classifies all unrestricted, highly liquid investments with original maturities of three months or less as cash equivalents, excluding restricted cash.

E. Restricted Cash

Restricted cash consists of funds received from the Small Business Investment Corporation (SBIC) and various federal agencies, which are required to be held for the loan program and related loan loss reserve accounts.

F. Concentration of Custodial Credit Risk-Uninsured Cash Balances

Custodial credit risk is the risk that WESST's deposits may not be returned in the event of a bank failure. WESST does not have a custodial credit risk policy that requires collateral for deposits exceeding Federal Deposit Insurance Corporation (FDIC) limits. FDIC insurance covers deposits up to $250,000 per depositor, per institution, for both interest-bearing and noninterest-bearing accounts. WESST holds its cash in financial institutions located in Albuquerque, NM.

As of December 31, 2025, WESST's cash balances exceeded the FDIC coverage limit by $2,366,461. Despite this, WESST has not incurred any losses in these accounts and believes that it is not exposed to significant credit risk related to the uninsured cash balances.

G. Receivables and Credit Policies

Grants and contracts receivable primarily consist of amounts due from cost-reimbursement governmental grants, while contributions receivable are amounts expected from foundations and similar organizations. WESST estimates the allowance for uncollectible accounts based on current and historical experience, an evaluation of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. No allowance was considered necessary for these receivables as of December 31, 2025 and 2024.

Receivables from contracts with customers are presented as accounts receivable, net of any allowance for uncollectible accounts, in the accompanying statement of financial position.

H. Loans Receivable and Credit Loss Allowance

Loans receivable are carried at face value and adjusted for an allowance for credit losses. Loans with maturities of one year or less are classified as current assets. Interest income on loans receivable is recognized monthly. Closing-related loan fees are minimal and are recorded as income when the loan is disbursed. Loans are secured by a combination of collateral, which may include deposit accounts, real estate, inventory, accounts receivable, furniture, equipment, vehicles, and assignments of contracts and life insurance policies. WESST's ability to access collateral is subject to legal collection proceedings.

Loans are recorded when funds are disbursed. The collectability of loans receivable is assessed at least annually, and the loan loss reserve is adjusted accordingly based on historical loss rates, specific risk factors, and qualitative considerations. Management maintains an allowance for loan losses at 8% of the loan receivable portfolio balance, a percentage reviewed and reaffirmed annually by the Finance Committee. If actual loan losses exceed 5% to 8% of the portfolio, the Finance Committee convenes a special review to determine if adjustments to the allowance methodology are necessary.

Loans are classified as delinquent when required payments are 30 days past due, and those 90 days past due are individually evaluated for impairment. Interest accrual is suspended on loans considered potentially uncollectible and is resumed when the certainty of repayment is established. Loans are written off only after collateral is exhausted and all legal recovery actions have been pursued.

This policy aligns with FASB ASC 326, which requires expected credit losses on financial assets measured at amortized cost to be estimated and recognized.

I. Property, Equipment, Depreciation, and Amortization

Property and equipment are recorded at cost or at estimated fair value if donated. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the respective assets, as outlined in the table below. Routine repairs and maintenance costs are expensed as incurred, while major improvements and replacements are capitalized. WESST's policy is to capitalize acquisitions that cost more than $5,000 and have an estimated useful life of greater than one year.

Estimated useful lives are as follows:

Classification	Estimated Useful Life
WEC Building-Use-Asset	40 years
Building	40 years
Land Improvements	10 years
Furniture, Fixtures, and Equipment	3-7 years
Leasehold Improvements	7-20 years

J. Revenue Recognition

i. Conditional Contributions

WESST receives governmental grants that require the organization to incur specific qualifying expenses in compliance with the grantor's rules and regulations. These grants are primarily funded on a cost-reimbursement basis, although some grants provide advance payments at the beginning of the grant cycle. Advance payments are recorded as unearned revenue until the related services are provided. For administrative efficiency, these amounts may be recorded initially in revenue accounts; however, at year-end, unearned or refundable amounts are recorded as deferred revenue or refundable advances, as applicable. Any unused advance payments must be returned, and any unallowed costs drawn down by WESST are required to be refunded.

These grants are considered conditional as they are contingent upon incurring qualifying expenses. Revenue is recognized when WESST meets the conditions by incurring the related expenses. As such, these grants are recorded as contributions without donor restrictions. Grant funds are used to support financial assistance and business consulting and training programs.

ii. Contract Revenue

WESST provides working space to tenants through its incubator, generating revenue recognized as WESST Enterprise Center membership services revenue. Payments for these contracts may be received either before or after the services are delivered. Payments received in advance are recorded as deferred revenue, while payments received after services are recorded as receivables.

Revenue is recognized when the services are provided, and the performance obligation is satisfied. The performance obligation is defined as the delivery of services to the customer. The transaction price is set by WESST and the customer according to the membership service agreements, and no allocation of the transaction price is required. These contracts are used in both of WESST's programs.

Additionally, WESST receives funding from the New Mexico Early Childhood Education and Care Department (NM ECECD) on a pass-through basis. Under these contracts, WESST retains an administrative portion of the funds, while the remaining amounts are distributed to third-party recipients.

Revenue for the administrative portion is recognized when the services are provided and the performance obligation is satisfied. The pass-through portion is recognized as revenue only to the extent WESST is the principal in the arrangement; otherwise, amounts received or receivable for distribution to third-party recipients are recorded as agency liabilities and disbursements.Payments are received after the funds are distributed and are recorded as receivables.

iii. Contributions and Support

Contributions received are recognized as either support with donor restrictions or support without donor restrictions based on the presence or nature of donor-imposed stipulations. Gifts of cash and other assets are recorded as support with donor restrictions when donors specify limitations on the use of the donated assets.

When donor restrictions are satisfied, the related net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and are reported as net assets released from restrictions in the statement of activities. The statement of activities also details contributions with donor-imposed restrictions and the corresponding release from restrictions as the restrictions are satisfied.

iv. Consulting, Training, and Other

Revenue from consulting, training, and other sources is recognized over time as the services are provided. Performance obligations are considered satisfied when the services are delivered to the customer.

v. Donated Property, Materials, and Services

Donations of property, materials, and services are recorded as contributions at their fair value on the date of donation. Donated stocks, bonds, or other securities are recognized at their fair market value on the date of the gift. These donations are reported as increases in net assets without donor restrictions unless the donor specifies a restricted purpose for the donated asset.

Assets donated with explicit restrictions on their use, as well as contributions of cash designated for acquiring property and equipment, are recorded as contributions with donor restrictions.

Donated services are recognized as contributions at their estimated fair value if they:

- Create or enhance nonfinancial assets, or
- Require specialized skills, are provided by individuals possessing those skills, and would otherwise need to be purchased by WESST.

K. Functional Allocation of Expenses

The financial statements classify certain expenses that are attributable to one or more of the organization's programs or support services. Expenses and support services that can be directly identified with a specific program are charged to that program based on their natural expenditure classification. Direct costs are allocated to the functional classification that corresponds to the nature of the expense. All other expenses are allocated on a reasonable and consistent basis among the programs and support services.

These expenses are allocated using the following methods:

Type of Expense
Salaries, Wages and Related Payroll Expenses
Professional Services, Travel, Training, Dues
Dues, Subscriptions, and Fees, Supplies, Advertising
Accounting and Legal, Interest, Printing and Postage

Bases of Allocation of Expenses

- Direct to program or supporting services
- Appropriate allocation based on time and effort
- Square footage

The functional expense allocation ratios for the years ended December 31 are as follows:

Expense Allocation	2025	2024
Program	84.7%	96.2%
General and Admin.	9.7%	1.4%
Fundraising	5.6%	2.4%
Total	100%	100%

L. Advertising

Advertising costs are expensed as incurred or when the initial advertisement is published. WESST does not engage in direct-response advertising, which would require the capitalization and amortization of related expenses.

Advertising expenses were $727 and $3,487 for the years ending December 31, 2025 and 2024, respectively.

M. Income Taxes

WESST is a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and corresponding state law as a charitable organization. Only unrelated business taxable income, as defined by Internal Revenue Code Sections 511–514, is subject to federal income tax. As WESST currently has no unrelated business income, no provision for income taxes has been recorded.

Additionally, WESST is classified as an organization other than a private foundation. In accordance with ASC 740, Income Taxes, WESST evaluates uncertain tax positions, recording the effect of uncertainties when the applicable recognition threshold is met. Management believes that WESST operates within its tax-exempt purpose.

WESST files its Federal Form 990 tax return with the Internal Revenue Service. The 990 is also filed with the New Mexico Department of Justice's online charitable registration. WESST is not currently under audit nor has the organization been contacted by any of these jurisdictions. Management believes it is operating within their tax-exempt purpose.

WESST Real Estate Holdings, LLC is treated as a disregarded entity for tax filing purposes, and its financial activity is included in WESST's Federal Form 990. The LLC had no taxable unrelated business income for the years ended December 31, 2025 and 2024.

N. <u>Fair Value of Financial Instruments</u>

The carrying amounts of cash, restricted cash, and cash equivalents, receivables, payables, accrued expenses and other liabilities approximate fair value due to the short maturity periods of these instruments. WESST measures certain financial assets and liabilities at fair value on a recurring basis, including its derivative liabilities.

WESST's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

<u>Level 1</u>

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

<u>Level 2</u>

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;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table sets forth fair value measurements by level, within the fair value hierarchy, WESST's financial assets measured at fair value as of December 31:

	2025	2024
	Level 3	Level 3
Beneficial Interest in Asset Held by Third Party	$ 22,523	20,010

The following assumptions were used to estimate the fair value of the assets included in the table above:

- Beneficial interest in asset held by third party—based on inputs derived principally from or corroborated by observable market data by correlation or other means.

O. Use of Estimates in Preparing Financial Statements

The preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Estimates that are particularly susceptible to significant changes in the near term and could significantly affect the financial statements include:

- Allocation of expenses by function to program, management and general and fundraising.
- Depreciation and amortization are based on estimated useful lives of property and equipment, including leased assets.
- Calculation of present value of lease liability and right of use assets.
- Allowance for uncollectible accounts based on current and historical experience of collections.
- In-kind donations are based on fair value techniques selected by management.

P. Prior Year Comparative Totals

The financial statements include prior-year summarized comparative information presented in total but not by each net asset class. This summarized information lacks the level of detail required for a full presentation in conformity with U.S. generally accepted accounting principles (GAAP).

Therefore, the summarized comparative information should be read in conjunction with WESST's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Q. Reclassifications

Certain reclassifications may have been made to the 2024 summarized financial statement information to conform to the current year presentation.

Note 2. Cash, Restricted Cash, and Cash Equivalents

As of December 31, cash, restricted cash, and cash equivalents were as follows:

	2025	2024
Cash and Cash Equivalents	$ 2,681,585	1,929,802
Restricted Cash	1,664,254	1,965,641
Total Cash, Restricted Cash, and Cash Equivalents	$ 4,345,839	3,895,443

Note 3. Loans Receivable

Loans receivable consist of collateralized business development loans issued to start-up and existing businesses. Loan terms allow for repayment over periods of up to six years, and borrowers may receive loans under multiple loan programs.

As of December 31, loans receivable were as follows:

	2025	2024
CDFI	$ 219,623	78,595
SBA 9	71,488	116,815
SBA 10	101,444	90,783
NMSBIC	121,958	184,864
POP/HOPE	233,132	109,828
Refugee	22,788	11,820
SBA 11	333,605	312,936
Total Loan Receivables	1,104,038	905,641
Less: Allowance for Uncollectible Accounts	(88,323)	(66,798)
Loan Receivables, Net	$ 1,015,715	838,843

As of December 31, delinquent loans were as follows:

Aging Category	2025	2024
30–59 days past due	$ 4,334	6,394
60–89 days past due	447	4,718
90+ days past due	789	9,764
Total	$ 5,570	20,876

Changes in the allowance for loan losses were the following for the years ended December 31:

	2025	2024
Balance, Beginning of Year	$ 66,798	89,940
Additions to Allowance	96,786	-
Write-Offs, Net of Recoveries	(75,261)	(23,142)
Balance, End of Year	$ 88,323	66,798

Due to the inherent uncertainties in estimating the allowance for loan losses, it is reasonably possible that the estimates used may change in the near term.

Additional information on loans receivable as of December 31 is as follows:

		2025	2024
Total Number of Outstanding Loans		166	122
Number of New Loans		54	51
Average Loan Amount	$	9,685	7,423
Average Interest Rate of Loans		4.03%	3.51%
Total Loans Renegotiated		13	-
Principal Balance of Renegotiated Loans at December 31:	$	102,269	-

Note 4. Contributions Receivable

As of December 31, contributions receivable were as follows:

		2025	2024
Maddox Foundation	$	600,500	-
Kellog Foundation		250,000	-
Visionaries Pledge Campaign		81,695	137,471
Other		-	1,129
United Way		-	24,998
NM Bank and Trust		-	1,500
		932,195	165,098
Less: Allowance for Uncollectible Accounts		-	-
Total	$	932,195	165,098

Due to the inherent uncertainties in estimating the allowance for uncollectible accounts, it is reasonably possible that the estimates used will change within the near term.

Amounts are scheduled to be collected as follows:

Amounts due:		
2026	$	451,695
2027		166,750
2028		163,750
2029		150,000
Total	$	932,195

Note 5. Beneficial Interest in Assets Held by Third Party

The Albuquerque Community Foundation (ACF) holds funds in a perpetually donor restricted endowment for the benefit of WESST. While WESST does not have access to these funds, it is entitled to receive distributions as determined by ACF, based on the fund's income. The fund agreement grants variance power to ACF, allowing the foundation to modify restrictions on the fund under the terms of the agreement.

When a nonprofit transfers assets to a community foundation and names itself as the beneficiary, the economic benefit of those assets remains with the nonprofit. If the transfer is permanent, the nonprofit records a beneficial interest in assets held by others, measured at the fair value of the contributed assets.

Changes in value are recognized in the Statement of Activities for the year ended December 31, 2025 are as follows:

		Donor Restricted in Perpetuity	Total
Beginning Balance, 1-1-25	$	20,010	20,010
Contributions		-	-
Interest and Dividend		356	356
Unrealized Gains/(Losses)		1,582	1,582
Realized Gains/(Losses)		812	812
Distributions		-	-
Fees and Expenses		(237)	(237)
Ending Balance, 12-31-25	$	22,523	22,523

Changes in value are recognized in the statement of activities for the year ended December 31, 2024 are as follows:

		Donor Restricted in Perpetuity	Total
Beginning Balance, 1-1-24	$	18,855	18,855
Contributions		-	-
Interest and Dividend		346	346
Unrealized Gains/(Losses)		611	611
Realized Gains/(Losses)		422	422
Distributions		-	-
Fees and Expenses		(224)	(224)
Ending Balance, 12-31-24	$	20,010	20,010

Note 6. Property, Equipment, Depreciation, and Amortization

As of December 31, property and equipment consisted of the following:

	2024	Additions	Deletions	2025
Land	$ 225,713	-	-	225,713
WEC Building-Use-Asset	6,174,940	-	-	6,174,940
Building	2,324,162	-	-	2,324,162
Land Improvements	88,552	-	-	88,552
Furniture, Fixtures, and Equipment	69,395	-	-	69,395
Leasehold Improvements	146,299	-	-	146,299
Total	9,029,061	-	-	9,029,061
Less: Accumulated Depreciation and Amortization	(2,991,298)	(211,302)	-	(3,202,600)
Total, Net	$ 6,037,763	(211,302)	-	5,826,461

Depreciation and amortization expense was $211,302 and $210,714 for the years ended December 31, 2025, and 2024, respectively.

Note 7. WESST Enterprise Center Lease Arrangement

In December 2008, construction of the WESST Enterprise Center (WEC) was completed, and WESST took occupancy of the building. The 37,000-square-foot business incubation facility was designed to house and support local start-up businesses. The construction was a collaborative effort between WESST and the City of Albuquerque (the "City"), with funding provided by both public and private sources. All public funds related to construction and equipping the WEC were received, managed, and disbursed by the City. The estimated cost of the building, including land, is approximately $8,750,000.

LEDA Agreement and Lease Terms

In November 2010, WESST and the City entered into a Local Economic Development Act (LEDA) Project Participation Agreement, which superseded two prior agreements (signed in 2004 and 2006). The LEDA Agreement established the ownership and use arrangement for the WEC:

- The City retains ownership of the building and land, except for a portion of the parking lot at 205 Roma, NE, which WESST purchased in 2010.
- The City leases the WEC to WESST primarily in exchange for economic development activities, with a key deliverable of job creation.
- The lease term is 20 years, with an additional 20-year renewal option through December 2048, at a rate of $1.00 per year (both terms were prepaid in 2009).

Ownership Option and UDAG Loan Repayment

The LEDA Agreement grants WESST the option to acquire ownership of the WEC at any time during the lease term by utilizing:

a) WESST's equity interest in the WEC,
b) The Local Economic Development Act (LEDA) process,
c) Cash or other financing, or
d) A combination of the above methods.

WESST's equity interest in the WEC is based on variables outlined in the agreement, including the value of direct jobs created and contributions made by WESST, such as development costs, cash contributions, federal funding, and leasehold improvements.

As of December 31, 2010, WESST had accrued sufficient equity interest to take ownership of the WEC. However, if WESST elects to acquire the property, the LEDA Agreement requires repayment of a $1,364,000 Urban Development Action Grant (UDAG) loan used to purchase the land for the WEC. The agreement allows WESST to offset part of this repayment with the value of direct new jobs created. At a minimum, WESST must repay $500,000 in cash, structured as a zero-interest loan, payable in 25 equal annual installments beginning one year after assuming ownership. If WESST does not take ownership, the UDAG loan will not require repayment under LEDA Ordinance F/S-0-04-10.

Lease Classification

Under previous lease accounting guidance, management historically classified the WEC arrangement as a capital lease due to the below-market purchase option. During 2023, management determined WESST was not reasonably certain to exercise the ownership option and removed the related capital lease payable and discount. As of December 31, 2025, no lease liability related to the WEC arrangement is recorded. The remaining asset is presented within property and equipment as a WEC facility asset.

Lease Accounting

Under FASB ASC 842, lessees and lessors must recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. This approach includes optional practical expedients, allowing entities to:

- Maintain existing lease classifications for leases commencing before the effective date,
- Exclude initial direct costs for leases commencing before the effective date, and

- Use hindsight when evaluating options to extend, terminate, or purchase leased assets.

WESST has elected to apply these practical expedients, effectively continuing to account for the lease under prior GAAP, unless a modification occurs.

Note 8. Leases

Historically, WESST held operating and finance leases for office space and equipment. WESST elected to use the risk free rate as the discount rate for its lease portfolio based on U.S. government treasury bill rates for terms comparable to the lease durations.

During the year ended December 31, 2025, WESST terminated its commercial office space operating leases prior to maturity, and its equipment finance lease expired without renewal. Consequently, as of December 31, 2025, excluding the specialized WEC facility lease detailed in Note 7, WESST held no active commercial leases and reported no related Right-of-Use assets or lease liabilities on the Statement of Financial Position.

In connection with the early termination of the office space operating leases, WESST derecognized the outstanding operating lease liabilities and net Right-of-Use assets as of the termination date, resulting in a gain on early lease termination of $2,652. This gain is included within consulting, training, and other income on the Statement of Activities.

Right-of-Use Leased Assets and Amortization

The following table summarizes the activity within right-of-use assets and related accumulated amortization for the year ended December 31, 2025:

	2024	Increases	Decreases	2025
Right-of-Use Assets				
Office Space - Operating	$ 84,440	-	(84,440)	-
Equipment - Finance	13,375	-	(13,375)	-
Total Right-of-Use Assets	97,815	-	(97,815)	-
Less Accumulated Amortization for:				
Office Space - Operating	(54,751)	(21,124)	75,875	-
Equipment - Finance	(13,135)	(240)	13,375	-
Total Accumulated Amortization	(67,886)	(21,364)	89,250	-
Right-of-Use Assets, Net	$ 29,929	(21,364)	(8,565)	-

Amortization expense was $21,364 and $29,808 for 2025 and 2024, respectively.

Lease Liabilities

The following table summarizes the activity within lease liabilities for the year ended December 31, 2025:

	2024	Increases	Decreases	Early Termination	2025
Lease Liabilities					
Office Space - Operating	$ 30,360	-	(19,143)	(11,217)	-
Equipment - Finance	380	-	(380)	-	-
Total	30,740	-	(19,523)	(11,217)	-

During the year, WESST did not recognize any variable lease payments.

Key information related to the measurement of WESST's lease obligations is as follows:

Lease Cost	2025	2024
Operating Lease Cost	$ 22,380	26,661
Finance Lease Costs:		
Amortization of Lease Assets	240	4,338
Interest on Lease Liabilities	1	80
Total Lease Costs	$ 22,621	31,079
Cash Flow Items		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating Leases - Operating Cash Flows	$ 20,399	26,698
Finance Lease - Operating Cash Flows	$ 1	80
Finance Lease - Financing Cash Flows	$ 380	4,472
Right-of-Use Assets Obtained in Exchange for New Lease Liabilities		
Operating Leases	$ -	-
Finance Lease	$ -	-
Weighted-Average Remaining Lease Term		
Operating Leases	-	1.74 yrs
Finance Lease	-	0.08 yrs
Weighted-Average Discount Rate		
Operating Leases	0.00%	3.46%
Finance Lease	0.00%	3.25%

Note 9. Payroll Related Liabilities and Compensated Absences

Payroll related liabilities and compensated absences as of December 31 were as follows:

	2025	2024
Compensated Absences	$ 48,770	78,658
Accrued Payroll Taxes	72,226	1,818
Total	$ 120,996	80,476

Note 10. Refundable Advances and Deferred Revenues

Refundable advances and deferred revenues as of December 31 consisted of the following:

	2025	2024
Grants and Contract Funds Received in Advance	$ 63,017	490,005
Special Event Funds Received in Advance	-	-
Total	$ 63,017	490,005

Note 11. Programmatic Notes Payable

The following is a summary of notes payable outstanding related to loan programs as of December 31:

	2024	Additions	Retirements	2025	Current
SBA 9 - Loan #5008	$ 59,323	-	(59,323)	-	-
SBA 10 - Loan #7004	215,273	-	(60,341)	154,932	61,097
SBA 11 - Loan #9107	443,690	-	(52,578)	391,112	53,785
	$ 718,286	-	(172,242)	546,044	114,882

SBA 9 – Loan #5008

Note payable to the U.S. Small Business Administration (SBA), requiring monthly installments of $7,421, including interest ranging from 0.25% to 1.5%, with final payment due in August 2025. The note is secured by loans receivable and loss reserve funds.

SBA 10 – Loan #7004

Note payable to the U.S. Small Business Administration, due in monthly installments of $5,245, including interest ranging from 0.625% to 2.625%, with final payment due in July 2028. The note is secured by loans receivable and loss reserve funds.

SBA 11 – Loan #9107

Note payable to the U.S. Small Business Administration, due in monthly installments of $5,079, including interest ranging from 1.13% to 3.125%, with final payment due in November 2032. The note is secured by loans receivable and loss reserve funds.

Future principal and interest payments on the notes payable are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 114,882	9,014	123,896
2027	116,837	7,062	123,899
2028	87,774	5,161	92,935
2029	57,034	3,918	60,952
2030	58,159	2,793	60,952
Thereafter	111,358	4,915	116,273
	$ 546,044	32,863	578,907

Note 12. Programmatic Secured Debt

WESST has a memorandum of agreement with the New Mexico Small Business Investment Corporation (NMSBIC) to cooperatively fund business loans for New Mexico's artisan community. Under this agreement, WESST has full discretion over the loan portfolio and is responsible for administering the program.

The NMSBIC agrees to cost share up to 75% of the loan principal disbursed by WESST, with a maximum commitment of $375,000. WESST pays interest to the NMSBIC at an annual rate of 3% on the outstanding principal balance of funds provided. Loan losses within the portfolio are shared, with 75% covered by the NMSBIC and 25% by WESST. As WESST collects loan payments, 75% of the principal is repaid to the NMSBIC.

The following is a summary of funds provided by the NMSBIC to this program as of December 31:

	2024	Additions	Retirements	Adjustments	2025
NMSBIC	$ 138,679	28,929	(76,140)	-	91,468

Note 13. Line of Credit

In May 2023, WESST entered into a revolving line of credit agreement with Southwest Capital Bank with an original principal amount of $50,000. In December 2023, the principal limit was increased to $100,000. On July 28, 2025, WESST executed a Change in

Terms Agreement which extended the maturity date from July 1, 2025, to July 1, 2026. The line is unsecured, carries a fixed interest rate of 5.000%, and is payable on demand. If no demand is made, all outstanding principal and accrued unpaid interest are due at maturity on July 1, 2026. Funding for interest expense and any principal reduction related to the line is expected to be funded through contributions from the bank, subject to the terms of the applicable agreement.

The proceeds from this line of credit are restricted for use in WESST loan programs. The outstanding balances on this agreement were $100,000 as of December 31, 2025 and 2024, respectively.

Note 14. Compensated Absences

Employees may accrue vacation based on their length of service. The maximum allowable accrual is determined as follows:

- Less than 5 years of service—84 hours x 1.5 (126 hours)
- 5 to 10 years of service—120 hours x 1.5 (180 hours)
- More than 10 years of service—160 hours x 1.5 (240 hours)

Unused sick leave is not paid upon termination of employment and is not accrued. As of December 31, 2025 and 2024, employees accrued vacation totaled $48,770 and $78,658, respectively.

Note 15. In-Kind Contributions

WESST recorded the following in-kind contributions for the years ended December 31:

Nonfinancial Asset		2025	2024	Usage Area/Restrictions	Fair Value Techniques*
Professional and Consulting Services	$	27,486	73,270	All Programs/None	1
Facilities		21,412	41,690	Financial Assistance/None	1
Equipment, Supplies, and Materials		28,013	37,213	All Programs/None	1
Total	$	76,911	152,173		

* Legend for Fair Value Techniques

1.- Estimated wholesale prices of identical or similar products/services if purchased in the region

There were no donor-imposed restrictions on in-kind contributions in 2025 and 2024.

Note 16. Net Assets With Donor Restrictions

WESST's donor restricted net assets as of December 31 were as follows:

Subject To Purpose Or Time Restrictions	2024	Additions	Released	2025
Restricted Cash for Programs	$ 1,965,641	7,141,054	(7,442,441)	1,664,254
Loan Receivables	905,641	728,214	(529,817)	1,104,038
HOPE Fund	286,738	-	(286,738)	-
Visionary Pledges	137,471	17,500	(73,276)	81,695
Next Generation	134,533	-	(3,050)	131,483
FHL Bank of Dallas	52,580	-	(37,620)	14,960
NM EDD Incubator	50,000	-	(50,000)	-
Hubbard Broadcasting Foundation	12,500	-	-	12,500
Money Learning Lab	5,833	15,000	(9,205)	11,628
United Way	3,846	-	(3,846)	-
WESST Capacity Building Video Series	-	-	-	-
Silver Soiree 2025	-	181,592	(181,592)	-
Kellog Foundation	-	500,000	(250,000)	250,000
JF Maddox Foundation 5-Year	-	750,000	(150,000)	600,000
Wells Fargo Financial Capability	-	150,000	(100,000)	50,000
Fidelity Foundation	-	440,000	(2,756)	437,244
Wells Fargo Foundation	-	305,000	(14,768)	290,232
JF Maddox Foundation	-	60,000	-	60,000
Electric Company Charitable Foundation	-	15,000	(15,000)	-
Nusenda Credit Union	-	10,000	-	10,000
NM EDD	-	200,000	(93,931)	106,069
Total	3,554,783	10,513,360	(9,244,040)	4,824,103
Perpetual in Nature				
Endowment Funds	20,010	2,513	-	22,523
Total Net Assets with Donor Restrictions	$ 3,574,793	10,515,873	(9,244,040)	4,846,626

Reconciliation to Statement of Activities	
Additions - with Donor Restrictions	$ 10,515,873
Less: Balance Sheet Items	7,869,268
Less: Special Event Direct Expenses	33,178
Support and Revenue W/ Donor Restrictions	2,613,427
Deletions - with Donor Restrictions	(9,244,040)
Add: Balance Sheet Items/Adjustments	7,869,268
Add: Special Event Direct Expenses	33,178
Net Assets Released from Restrictions	$ (1,341,594)

Note 17. Retirement Plan

WESST offers a retirement savings plan for its employees, allowing participants to make contributions through salary reduction under a SIMPLE IRA plan authorized under Section 408(p) of the Internal Revenue Code. Under the plan, WESST matches employee contributions up to 3% of compensation. Employee deferrals are subject to IRS-imposed contribution limits. All employer contributions vest immediately. WESST's matching contributions for 2025 and 2024 were $3,048 and $2,577, respectively.

Note 18. Economic Dependency

WESST derives a significant portion of its revenue from grants, contracts, and awards provided by governmental entities, private foundations, and other contributions. These funding sources are expected to continue in the foreseeable future. However, if a substantial portion of these funds were to be discontinued, WESST's ability to sustain all programs would be impacted.

The following is a summary of concentrations from contributions and grants as of December 31:

Significant Concentrations		2025	2024
Grants and Contracts	$	2,727,613	7,643,698
Contributions		2,745,770	832,383
Total		5,473,383	8,476,081
Total Revenue	$	6,204,480	9,273,810
Concentration Percentage		88%	91%

Note 19. Related Parties

Two members of WESST's Board of Directors are employed by local banking institutions where WESST maintains accounts. Management has evaluated these relationships and related banking transactions for disclosure under ASC 850.

Note 20. Liquidity and Availability of Financial Resources

WESST regularly monitors liquidity to ensure it can meet cash flow requirements and operating needs. The availability of financial assets is influenced by management designations, the nature of the assets, and external limitations imposed by donors or contractual agreements. While WESST is not primarily funded by restricted grants, donor-imposed restrictions may require resources to be used for specific purposes or in future periods. As a result, WESST must maintain sufficient resources to fulfill these obligations, which may limit the availability of certain financial assets for general expenditures within one year.

As part of its liquidity management, WESST follows an informal policy to structure its financial assets so they are available as general expenditures, liabilities, and other obligations become due.

Additionally, WESST has the ability to invest excess cash in short-term investments. Donor-restricted funds become available for expenditure once their restrictions are met, though the timing of such availability is generally not determinable in advance.

Liquidity is as follows:

Financial Assets at Year End		2025	2024
Cash and Cash Equivalents	$	2,681,585	1,929,802
Receivables - Current, Net		1,871,610	1,361,497
		4,553,195	3,291,299
Less Amounts Not Available to Be Used within a Year:			
Net Assets with Donor Restrictions		4,846,626	3,574,793
Add Back Net Assets with Purpose/Time Restrictions to Be Met in Less Than a Year		(4,846,626)	(3,574,793)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	$	4,553,195	3,291,299

Note 21. Special Events

WESST hosts an annual fundraising event, the Silver Soiree, to support its entrepreneurial programs and initiatives.

The financial results of the Silver Soiree for the years ended December 31 are as follows:

		Soiree 2025	Soiree 2024
	$		
Gross Income		181,592	200,428
Less: Direct Expense		(33,178)	(32,797)
Net Income from Special Events		148,414	167,631
Less: Charitable Contributions		-	-
Net Income after Charitable Contributions	$	148,414	167,631

Direct expenses associated with the event have been netted against special event revenue in the Statement of Activities.

Note 22. Evaluation of Subsequent Events

WESST evaluated subsequent events through June 22, 2026 the date the financial statements were available for issuance. Events providing additional evidence of conditions existing as of December 31, 2025, have been recognized in these financial statements. Events arising after that date that did not exist as of year-end have not been recognized.

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title		AL Number	Contract/Grant Project/ State Number		Amount Expended
Small Business Administration					
Direct Program					
Microloan Program - Intermediary Lender (Loan Capital)	*	59.046		$	718,286
Microloan Program	*	59.046			84,089
Total ALN 59.046					802,375
Women's Business Ownership Assistance		59.043			784,465
Congressional Earmarks Initiative		59.059			232,159
Total Small Business Administration					1,818,999
Minority Business Development Agency					
Direct Program					
Mbda's Capital Readiness Program		11.034			625,190
Total Minority Business Development Agency					625,190
Total Expenditures of Federal Awards				$	2,444,189

Reconciliation to Financial Statements		
Federal Award Expenditures Reported on the SEFA	$	2,444,189
Less: Loan Program Amount Included In SEFA But Not Reported As Current-Year Federal Revenue		(718,286)
Federal Revenues Per the Statement of Activities		1,725,903
Difference	$	-

Note 1. Basis of Presentation and Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards ("SEFA") includes the federal award activity of WESST for the year ended December 31, 2025. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the SEFA presents only a selected portion of the operations of WESST, it is not intended to and does not present the financial position, changes in net assets, or cash flows of WESST.

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Federal awards are recognized as expenditures when the activity related to the federal award occurs in accordance with 2 CFR §200.502. Amounts reported in the SEFA are derived from WESST's accounting records. Federal awards received directly from federal agencies are presented as direct awards. Federal awards received through pass-through entities are identified by the pass-through entity's name and, when applicable, the identifying number assigned by the pass-through entity.

Note 2. Indirect Cost Rate

WESST has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance. The entity applies an indirect cost rate negotiated with its cognizant federal agency.

Note 3. Federal Loan Program

The federal loan programs listed below are administered directly by WESST and balances and transactions relating to these programs are included in WESST's financial statements. In accordance with the Uniform Guidance, §200.502 Basis for determining Federal awards expended, since the federal government is at risk for loans and loan guarantees awarded until the debt is repaid, the amount to be presented as expenditures of federal awards for loans and loan guarantees awarded, including those awarded and expended in prior years that have continuing compliance requirements, is:

1) Value of new loans or loan guarantees made or received during the audit period; plus
2) Beginning of the audit period balance of loans and loan guarantees from previous years for which the federal government imposes continuing compliance requirements; plus

3) Any interest subsidy, cash, or administrative cost allowance received.

Accordingly, WESST has reported loans and loan guarantees awarded in accordance with the aforementioned criteria. Amounts presented as expenditures of federal awards for loan and loan guarantee programs by federal Assistance Listing Number (AL#) are as follows:

	AL# 59.046
Value of New Loans Made	$ -
Loan Balance, Beginning of the Year	718,286
Total Expenditures of Federal Awards Presented for Loan and Loan Guarantee Programs	$ 718,286
Balance of Loans and Loan Guarantees at December 31, 2025	$ 546,044

Note 4. Subrecipients

WESST did not provide federal awards to subrecipients during the year ended December 31, 2025.

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 of
Women's Economic Self-Sufficiency Team, Corp
Albuquerque, NM

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAGAS) issued by the Comptroller General of the United States , the financial statements of the Women's Economic Self-Sufficiency Team, Corp ("WESST") (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2025, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2026.

Report on Internal Control over Financial Reporting

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

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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with GAGAS in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hinkle + Landers, PC

Hinkle + Landers, PC
Albuquerque, NM
June 22, 2026

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors and Management of
Women's Economic Self-Sufficiency Team, Corp
Albuquerque, NM

Opinion on Each Major Federal Program

We have audited WESST's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of WESST's major federal programs for the year ended December 31, 2025. WESST's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, WESST complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of WESST and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of WESST's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to WESST's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on WESST's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, GAGAS, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about WESST's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, GAGAS, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 WESST's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of WESST's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of WESST's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major federal program is not modified with respect to these matters.

GAGAS requires the auditor to perform limited procedures on WESST's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. WESST's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be a significant deficiency. Material weaknesses may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hinkle + Landers, PC

Hinkle + Landers, PC
Albuquerque, NM
June 22, 2026

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. Type of auditor's report issued	Unmodified

Internal Control over Financial Reporting:

1. Material weakness(es) identified	None Noted
2. Significant deficiency(ies) identified	None Noted
3. Noncompliance material to financial statements noted	None Noted

Federal Awards

Internal Control over Major Federal Programs:

1. Material weakness(es) identified	None Noted
2. Significant deficiency(ies) identified	Yes

Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section § 200.516(a)?	Yes

Identification of major federal programs:

AL Number	Name of Federal Program or Cluster	Funding Source
59.046	Microloan Program	Small Business Administration

Dollar threshold used to distinguish between Type A and Type B programs	$1,000,000
Auditee qualified as low-risk Auditee?	Yes

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

SECTIONS II and III-SUMMARY OF FINANCIAL STATEMENT & FEDERAL AWARDS FINDINGS

Reference #	Finding	Finding	Finding *
Section II - Financial Statements Findings			
None Reported		N/A	N/A
Section III - Federal Award Findings			
2025-001	Payroll Costs Charged to Federal Awards Not Consistently Supported	Current	F, G

* Legend for Type of Findings

Section II - Financial Statement Findings

A. Material Weakness in Internal Control Over Financial Reporting
B. Significant Deficiency in Internal Control Over Financial Reporting
C. Finding that Does Not Rise to the Level of a Significant Deficiency (Other Matters) Involving Internal Control Over Financial Reporting
D. Instance of Noncompliance Material to the Financial Statements

Section III - Major Federal Programs

E. Material Weakness in Internal Control Over Compliance of Federal Awards
F. Significant Deficiency in Internal Control Over Compliance of Federal Awards
G. Instance of Noncompliance Related to Federal Awards
H. Instance of Material Noncompliance

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

CURRENT YEAR FINDINGS

2025-001 – Payroll Costs Charged to Federal Awards Not Consistently Supported

Type of Finding:
(F) Significant Deficiency in Internal Control over Compliance
(G) Instance of Noncompliance Related to Federal Awards

Funding Agency: U.S. Small Business Administration
Title: Microloan Program
Assistance Listing #: 59.046
Award #s: SBAOCAML250818-01-00 and SBAOCAML240615-01-00
Award Periods: 7/1/2025-6/30/2026 and 7/1/2024-6/30/2025
Compliance Requirement: Allowable Costs/Cost Principles
Known Questioned Costs: $15,401
Likely Questioned Costs: Approximately $25,940, inclusive of known and projected questioned costs

Statement of Condition
During our review of payroll disbursements charged to the Microloan Program, we identified inconsistencies between payroll charges recorded in the general ledger and the underlying support for those charges during two periods of the fiscal year.

From January through April 2025, payroll was intended to be allocated based on actual hours recorded by employees in WebClock. Of 13 paychecks tested, 4 had hours recorded to the OFA grant in WebClock but were charged to the MBDA award in the general ledger, resulting in $1,819 misallocated away from OFA. An additional 3 paychecks included $333 charged to OFA for employees who had recorded no OFA hours in WebClock for those pay periods. WESST did not maintain documentation supporting the reason for or approval of these allocation changes.

Beginning in May 2025, WESST adopted a fixed-percentage allocation method based on past time studies, grant budgets, and OFA approval. Of 15 paychecks tested from May through September 2025, none were allocated at the approved percentage. Seven paychecks had less charged to OFA than the approved amount, with a cumulative difference of $77, and 8 paychecks had more charged to OFA than the approved amount, with a cumulative difference of $15,068.

No exceptions were noted for the 11 paychecks tested from October through December 2025.

Criteria

Federal award costs must be allowable, allocable, reasonable, consistently treated, and adequately documented in accordance with 2 CFR 200.403. Under 2 CFR 200.405, a cost allocable to one federal award may not be charged to another federal award to overcome funding deficiencies, avoid restrictions, or for other reasons of convenience. Payroll costs charged to federal awards must be supported by records that accurately reflect the work performed and by a system of internal control that provides reasonable assurance the charges are accurate, allowable, and properly allocated. Budget estimates or fixed percentages may be used for interim accounting only if they produce reasonable approximations and are subject to periodic after-the-fact review and necessary adjustment.

Effect

Known questioned costs charged to the Microloan Program totaled $15,401. This amount consists of $333 charged to OFA during January through April without supporting OFA time records and $15,068 charged to OFA during May through September in excess of the approved allocation percentage.

Based on audit projection, total likely questioned costs are estimated at approximately $25,940, including projected questioned costs related to payroll costs charged above the approved allocation percentage during May through September.

The condition increases the risk that payroll costs may be charged to incorrect federal awards, reimbursement requests may be inaccurate, and federal expenditures reported on the Schedule of Expenditures of Federal Awards may be misstated.

Cause

WESST did not have an effective review process in place to ensure payroll charges recorded in the general ledger agreed to employee time records or approved allocation percentages before costs were charged to federal awards. During January through April

2025, certain payroll allocations were changed without documentation of the reason for the change or formal approval. During May through September 2025, the fixed-percentage allocation method was implemented but was not applied correctly, and no reconciliation process was in place to identify and correct variances.

Recommendation

We recommend WESST strengthen its review procedures over payroll costs charged to federal awards. Specifically, WESST should implement a reconciliation of general ledger payroll charges to employee time records or approved allocation percentages before submitting reimbursement requests. Any changes to payroll allocations should be formally documented, reviewed, and approved, including the reason for the change and the federal award benefited. If fixed percentages are used for interim billing, WESST should establish a routine reconciliation to actual activity and make timely adjustments, as needed. WESST should also perform periodic reviews of payroll allocations to identify and correct errors on a timely basis.

View of Responsible Officials and Corrective Action Plan

WESST acknowledges this finding, remains committed to continuous improvement, and has already taken proactive, substantive corrective action.

During the fiscal year under review, the organization experienced a leadership transition when a new Chief Executive Officer assumed responsibility following the departure of a CEO who had served for 33 years. At the same time, WESST faced significant and sudden changes in long-term funding sources, requiring prompt financial and operational adjustments.

A significant finance department change occurred in October 2025. As noted in the Statement of Condition above, no exceptions were identified after that point. In connection with this change, WESST implemented key control processes, including:

- All expenses will be reviewed for allowability, allocability, and reasonableness before being charged to the grant.
- Payroll charges recorded in the general ledger will be reconciled to employee time records or approved allocation schedules each month. Variances will be investigated and corrected in a timely manner.
- All changes to payroll allocations require documented justification and formal review and approval.

- Monthly expense reviews will be performed by the:
    - Staff Accountant
    - Program Director
    - Accounting Controller
- These reviews will support proper classification of direct and indirect costs and help prevent inconsistent treatment

Corrective Action Plan Timeline

Completed implementation in March of 2026.

Designation of Employee Position Responsible for Meeting Deadline

Chief Executive Officer

SECTION IV—SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

None Reported