



Certified Public Accounts and Consultants

**CHILDREN & FAMILIES FIRST DELAWARE INC.
(T/A CHILDREN & FAMILIES FIRST, INC.)
AND SUPPORTING ORGANIZATIONS**

**FINANCIAL STATEMENTS
AND
SINGLE AUDIT REPORT**

DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Children & Families First Delaware Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Children & Families First Delaware Inc. (a nonprofit organization) and supporting organizations, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Children & Families First Delaware Inc. and supporting organizations as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position and the consolidating schedule of activities on pages 29 and 31, respectively, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021, on our consideration of Children & Families First Delaware Inc.'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 *Government Auditing Standards* in considering Children & Families First Delaware Inc.'s internal control over financial reporting and compliance.

Gunnip & Company LLP

Wilmington, Delaware
December 8, 2021

Except for our report on Federal Awards,
for which the date is January 25, 2022

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	ASSETS	
	2020	RESTATED 2019
CURRENT ASSETS		
Cash and equivalents	\$ 2,355,112	\$ 513,584
Grants and accounts receivable	1,860,609	1,789,252
Prepaid expenses	253,510	165,463
	<hr/>	<hr/>
Total current assets	4,469,231	2,468,299
OTHER ASSETS		
Investments	3,864,426	3,645,535
Beneficial interest in perpetual trusts	4,699,683	4,519,867
	<hr/>	<hr/>
	8,564,109	8,165,402
PROPERTY AND EQUIPMENT		
Land and improvements	473,687	473,687
Building and improvements	5,561,911	5,561,911
Automobiles	652,890	652,890
Building equipment and furnishings	948,370	875,502
Office and MIS equipment	471,053	471,053
	<hr/>	<hr/>
	8,107,911	8,035,043
Accumulated depreciation	5,205,041	4,933,919
	<hr/>	<hr/>
Property and equipment, net	2,902,870	3,101,124
	<hr/>	<hr/>
	\$ 15,936,210	\$ 13,734,825
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See accompanying notes to financial statements.

**CHILDREN & FAMILIES FIRST
DELAWARE INC.**

LIABILITIES

	2020	RESTATED 2019
CURRENT LIABILITIES		
Line of credit	\$ 0	\$ 1,430,025
Mortgage and notes payable	21,333	27,294
Accounts payable	515,324	121,505
Accrued expenses	169,546	161,161
Capital lease payable	78,296	72,697
Deferred revenue	224,587	196,260
	<hr/>	<hr/>
Total current liabilities	1,009,086	2,008,942
	<hr/>	<hr/>
LONG TERM LIABILITIES		
Pension liability	589,077	601,039
Capital lease payable	115,681	194,449
Mortgage and notes payable	27,621	48,985
	<hr/>	<hr/>
Total long term liabilities	732,379	844,473
	<hr/>	<hr/>
Total liabilities	1,741,465	2,853,415

NET ASSETS

NET ASSETS		
Without donor restrictions		
Unrestricted - general use	5,444,067	2,443,010
Unrestricted - endowment	2,541,777	2,349,751
	<hr/>	<hr/>
Total without donor restrictions	7,985,844	4,792,761
With donor restrictions	6,208,901	6,088,649
Total net assets	14,194,745	10,881,410
	<hr/>	<hr/>
Total liabilities and net assets	\$ 15,936,210	\$ 13,734,825
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See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

**CHILDREN & FAMILIES FIRST
DELAWARE INC.**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT:			
Public support:			
Received directly			
Contributions and bequests	\$ 714,709	\$ 94,046	\$ 808,755
Received indirectly			
Allocation by United Way of Delaware, Inc.	81,925	0	81,925
Fundraisers	3,150	0	3,150
Less: Direct expenses	(2,633)	0	(2,633)
Government Agencies	18,100,376	0	18,100,376
Other grants	4,748,496	0	4,748,496
Other revenues:			
Fees for services - referrals	250,805	0	250,805
Program service fees	12,338	0	12,338
Investment income	264,764	0	264,764
Rent income	29,425	0	29,425
Other	39,979	0	39,979
Net assets released from restrictions	153,610	(153,610)	0
TOTAL PUBLIC SUPPORT AND REVENUE	24,396,944	(59,564)	24,337,380
EXPENSES AND LOSSES:			
Program Services			
Positive Parenting	1,744,254	0	1,744,254
Supporting Teens	6,111,097	0	6,111,097
Healthy Babies	3,340,750	0	3,340,750
Family Resources	4,228,081	0	4,228,081
Early Childhood	1,765,436	0	1,765,436
Workplace Supports	1,415,020	0	1,415,020
Grief Counseling	331,861	0	331,861
Program Quality and Helpline	(14,518)	0	(14,518)
Total Program Services	18,921,981	0	18,921,981
Supporting Services			
Management and general	2,207,668	0	2,207,668
Fundraising costs	291,581	0	291,581
Total Supporting Service	2,499,249	0	2,499,249
TOTAL EXPENSES AND LOSSES	21,421,230	0	21,421,230
CHANGE IN NET ASSETS BEFORE NONOPERATING ACTIVITY	2,975,714	(59,564)	2,916,150
NONOPERATING ACTIVITY			
Periodic pension gain	11,962	0	11,962
Realized/unrealized loss on investments	205,407	0	205,407
Gain on beneficial interest in perpetual trusts	0	179,816	179,816
TOTAL NONOPERATING ACTIVITY	217,369	179,816	397,185
CHANGE IN NET ASSETS	3,193,083	120,252	3,313,335
NET ASSETS AT BEGINNING OF YEAR (RESTATED)	4,792,761	6,088,649	10,881,410
NET ASSETS AT END OF YEAR	\$ 7,985,844	\$ 6,208,901	\$ 14,194,745

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES
**CHILDREN & FAMILIES FIRST
DELAWARE INC.**
FOR THE YEAR ENDED DECEMBER 31, 2019 (RESTATED)

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT:			
Public support:			
Received directly			
Contributions and bequests	\$ 288,688	\$ 184,306	\$ 472,994
Received indirectly			
Allocation by United Way of Delaware, Inc.	242,682	0	242,682
Fundraisers	157,576	0	157,576
Less: Direct expenses	(46,625)	0	(46,625)
Government Agencies	14,466,272	0	14,466,272
Other grants	1,291,141	0	1,291,141
Other revenues:			
Fees for services - referrals	136,503	0	136,503
Program service fees	30,020	0	30,020
Investment income	273,226	0	273,226
Rent income	28,137	0	28,137
Other	85,696	0	85,696
Net assets released from restrictions	143,779	(143,779)	0
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	17,097,095	40,527	17,137,622
EXPENSES AND LOSSES:			
Program Services			
Positive Parenting	2,272,073	0	2,272,073
Supporting Teens	4,120,097	0	4,120,097
Healthy Babies	3,495,489	0	3,495,489
Family Resources	1,386,229	0	1,386,229
Early Childhood	2,352,327	0	2,352,327
Workplace Supports	500,178	0	500,178
Grief Counseling	360,186	0	360,186
Program Quality and Helpline	49,043	0	49,043
Total Program Services	14,535,622	0	14,535,622
Supporting Services			
Management and general	2,542,806	0	2,542,806
Fundraising costs	293,776	0	293,776
Total Supporting Service	2,836,582	0	2,836,582
TOTAL EXPENSES AND LOSSES	17,372,204	0	17,372,204
CHANGE IN NET ASSETS BEFORE NONOPERATING ACTIVITY	(275,109)	40,527	(234,582)
NONOPERATING ACTIVITY			
Periodic pension gain	93,123	0	93,123
Realized/unrealized gain on investments	421,442	0	421,442
Gain on sale of assets	199,001	0	199,001
Gain on beneficial interest in perpetual trusts	0	549,298	549,298
TOTAL NONOPERATING ACTIVITY	713,566	549,298	1,262,864
CHANGES IN NET ASSETS	438,457	589,825	1,028,282
NET ASSETS, BEGINNING OF YEAR (RESTATED)	4,354,304	5,498,824	9,853,128
NET ASSETS, END OF YEAR (RESTATED)	\$ 4,792,761	\$ 6,088,649	\$ 10,881,410

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
**CHILDREN & FAMILIES FIRST
DELAWARE INC.**
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services							Program Quality & Helpline	Total Program Services
	Positive Parenting	Supporting Teens	Healthy Babies	Family Resources	Early Childhood	Workplace Supports	Grief Counseling		
EXPENSES									
Salaries	\$ 843,243	\$ 4,256,683	\$ 1,801,572	\$ 1,869,518	\$ 594,327	\$ 31,434	\$ 263,619	\$ 93,272	\$ 9,753,668
Employee benefits expense	148,734	658,319	328,457	250,843	96,005	5,418	38,842	10,230	1,536,848
Payroll taxes	75,616	373,033	158,988	157,432	52,119	2,771	24,056	7,974	851,989
Total Salaries and Related Expenses	1,067,593	5,288,035	2,289,017	2,277,793	742,451	39,623	326,517	111,476	12,142,505
Professional fees	63,588	135,120	564,101	1,245,112	8,863	1,039	13,343	1,537	2,032,703
Supplies	28,168	95,761	107,570	209,360	8,196	696	7,004	254	457,009
Telephone	35,914	106,004	48,673	122,206	11,524	5,743	7,002	2,309	339,375
Postage	1,480	3,373	1,862	605	342	28	303	81	8,074
Rent	15,173	23,604	22,826	19,906	10,218	540	3,686	1,569	97,522
Utilities	5,586	31,746	8,403	18,999	3,762	198	1,357	577	70,628
Maintenance of facilities	12,341	85,810	18,565	96,421	8,311	439	2,998	1,275	226,160
Offsite storage and document destruction	1,987	1,925	1,861	1,623	833	44	301	128	8,702
Multi-peril insurance	18,541	27,437	10,966	20,110	4,795	255	382	741	83,227
Service contracts	(11,352)	(24,015)	(17,078)	(12,215)	(7,645)	(403)	(2,758)	(1,173)	(76,639)
Purchased equipment	9,601	63,720	33,695	5,069	4,405	230	1,970	1,859	120,549
Interest expense	2,747	4,274	4,133	3,604	1,850	98	688	284	17,678
Printing and publications	21,972	29,694	24,723	36,516	8,047	735	2,567	1,524	125,778
Travel	29,451	89,302	74,049	59,949	6,555	26	1,493	0	260,825
Conferences and training	1,103	36,198	34,618	10,287	1,702	0	5,040	0	88,948
Special assistance	387,929	13,314	64,308	55,102	929,045	1,363,378	0	0	2,813,076
Professional dues	0	444	0	3,093	0	0	169	0	3,706
Miscellaneous	20,253	49,441	217	(5,322)	122	1,018	(49,711)	(140,273)	(124,255)
Recruitment expense	0	0	0	17,797	0	0	0	0	17,797
Bad debt expense	0	0	0	0	0	0	0	0	0
Bank fees	287	299	263	227	582	200	1,762	18	3,638
Special event expense	0	0	0	0	0	0	0	0	0
Taxes	0	0	0	0	0	0	0	0	0
Depreciation	31,892	49,611	47,978	41,839	21,478	1,133	7,748	3,296	204,975
TOTAL EXPENSES	<u>\$ 1,744,254</u>	<u>\$ 6,111,097</u>	<u>\$ 3,340,750</u>	<u>\$ 4,228,081</u>	<u>\$ 1,765,436</u>	<u>\$ 1,415,020</u>	<u>\$ 331,861</u>	<u>\$ (14,518)</u>	<u>\$ 18,921,981</u>

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (cont'd)

CHILDREN & FAMILIES FIRST
DELAWARE INC.

FOR THE YEAR ENDED DECEMBER 31, 2020

	Supporting Services			Total
	Management & General	Fundraising Costs	Total Supporting Services	
EXPENSES				
Salaries	\$ 1,000,202	\$ 183,535	\$ 1,183,737	\$ 10,937,405
Employee benefits expense	114,956	34,552	149,508	1,686,356
Payroll taxes	92,492	15,882	108,374	960,363
Total Salaries and Related Expenses	1,207,650	233,969	1,441,619	13,584,124
Professional fees	155,265	21,067	176,332	2,209,035
Supplies	76,661	936	77,597	534,606
Telephone	50,408	4,533	54,941	394,316
Postage	3,275	356	3,631	11,705
Rent	24,541	3,014	27,555	125,077
Utilities	9,983	1,109	11,092	81,720
Maintenance of facilities	26,100	2,451	28,551	254,711
Offsite storage and document destruction	20,256	246	20,502	29,204
Multi-peril insurance	57,239	1,424	58,663	141,890
Service contracts	(16,003.00)	(2,254.00)	(18,257.00)	(94,896.00)
Purchased equipment	107,840	2,070	109,910	230,459
Interest expense	28,496	546	29,042	46,720
Printing and publications	61,785	9,017	70,802	196,580
Travel	49,823	433	50,256	311,081
Conferences and training	14,369	58	14,427	103,375
Special assistance	2,306	0	2,306	2,815,382
Professional dues	26,546	255	26,801	30,507
Miscellaneous	45,343	5,984	51,327	(72,928)
Recruitment expense	0	0	0	17,797
Bad debt expense	157,524	0	157,524	157,524
Bank fees	37,681	34	37,715	41,353
Special event expense	0	0	0	0
Taxes	769	0	769	769
Depreciation	59,811	6,333	66,144	271,119
TOTAL EXPENSES	<u>\$ 2,207,668</u>	<u>\$ 291,581</u>	<u>\$ 2,499,249</u>	<u>\$ 21,421,230</u>

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

CHILDREN & FAMILIES FIRST
DELAWARE INC.

FOR THE YEAR ENDED DECEMBER 31, 2019 (RESTATED)

	Program Services							Program Quality & Helpline	Total Program Services
	Positive Parenting	Supporting Teens	Healthy Babies	Family Resources	Early Childhood	Workplace Supports	Grief Counseling		
EXPENSES									
Salaries	\$ 1,027,647	\$ 2,654,846	\$ 1,879,009	\$ 811,160	\$ 702,685	\$ 30,410	\$ 252,608	\$ 61,952	\$ 7,420,317
Employee benefits expense	208,428	457,149	331,224	111,348	126,462	5,764	33,502	11,041	1,284,918
Payroll taxes	89,618	234,886	165,922	71,147	63,307	2,581	22,791	5,351	655,603
Total Salaries and Related Expenses	1,325,693	3,346,881	2,376,155	993,655	892,454	38,755	308,901	78,344	9,360,838
Professional fees	186,165	89,840	543,772	205,853	7,946	545	4,410	1,584	1,040,115
Supplies	66,936	87,547	51,582	92,174	10,829	37	8,765	147	318,017
Telephone	23,653	63,937	42,874	18,021	11,436	5,552	4,858	1,733	172,064
Postage	1,313	4,061	2,213	1,160	348	88	333	140	9,656
Rent	2,645	9,108	11,596	1,933	2,602	87	1,154	253	29,378
Utilities	4,536	40,817	19,882	3,311	4,461	149	1,978	434	75,568
Maintenance of facilities	12,693	105,511	55,641	9,267	12,484	417	5,535	1,214	202,762
Offsite storage and document destruction	0 868	0 2,481	0 3,049	0 508	0 684	0 23	0 303	0 67	0 7,983
Multi-peril insurance	17,272	12,532	7,600	4,160	3,251	172	258	502	45,747
Service contracts	0	3,168	0	0	0	0	0	0	3,168
Purchased equipment	1,962	20,691	14,847	2,459	2,679	378	2,562	208	45,786
Interest expense	960	3,306	4,209	701	944	32	419	92	10,663
Printing and publications	11,415	10,645	13,679	2,045	3,758	421	1,183	2,983	46,129
Travel	61,875	154,773	118,335	9,627	38,507	390	6,114	297	389,918
Conferences and training	3,000	66,579	75,839	17,669	8,284	0	3,237	0	174,608
Special assistance	521,449	9,456	62,895	7,610	1,329,459	451,698	0	0	2,382,567
Professional dues	135	597	699	0	375	0	28	0	1,834
Miscellaneous	9,880	20,683	4,715	1,743	1,693	333	(1,730)	(40,829)	(3,512)
Recruitment expense	0	0	0	0	0	0	0	0	0
Bad debt expense	0	0	0	0	0	0	0	0	0
Bank fees	125	354	437	99	957	460	1,376	9	3,817
Special event expense	0	0	0	0	0	0	2,000	0	2,000
Taxes	0	0	0	0	0	0	0	0	0
Depreciation	19,498	67,130	85,470	14,234	19,176	641	8,502	1,865	216,516
TOTAL EXPENSES	<u>\$ 2,272,073</u>	<u>\$ 4,120,097</u>	<u>\$ 3,495,489</u>	<u>\$ 1,386,229</u>	<u>\$ 2,352,327</u>	<u>\$ 500,178</u>	<u>\$ 360,186</u>	<u>\$ 49,043</u>	<u>\$ 14,535,622</u>

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (cont'd)

CHILDREN & FAMILIES FIRST
DELAWARE INC.

FOR THE YEAR ENDED DECEMBER 31, 2019 (RESTATED)

	Supporting Services			Total
	Management & General	Fundraising Costs	Total Supporting Services	
EXPENSES				
Salaries	\$ 1,155,537	\$ 187,265	\$ 1,342,802	\$ 8,763,119
Employee benefits expense	239,113	26,151	265,264	1,550,182
Payroll taxes	94,951	16,388	111,339	766,942
Total Salaries and Related Expenses	1,489,601	229,804	1,719,405	11,080,243
Professional fees	146,672	18,276	164,948	1,205,063
Supplies	32,968	5,542	38,510	356,527
Telephone	33,873	3,261	37,134	209,198
Postage	2,863	425	3,288	12,944
Rent	5,664	516	6,180	35,558
Utilities	9,710	887	10,597	86,165
Maintenance of facilities	30,408	2,481	32,889	235,651
Offsite storage and document destruction	18,778	136	18,914	26,897
Multi-peril insurance	50,448	963	51,411	97,158
Service contracts	1,533	0	1,533	4,701
Purchased equipment	75,422	4,242	79,664	125,450
Interest expense	86,285	188	86,473	97,136
Printing and publications	36,443	17,473	53,916	100,045
Travel	79,823	2,121	81,944	471,862
Conferences and training	38,941	353	39,294	213,902
Special assistance	6,430	0	6,430	2,388,997
Professional dues	31,570	1,225	32,795	34,629
Miscellaneous	4,247	2,052	6,299	2,787
Recruitment expense	0	0	0	0
Bad debt expense	271,318	0	271,318	271,318
Bank fees	39,936	19	39,955	43,772
Special event expense	0	0	0	2,000
Taxes	6,699	0	6,699	6,699
Depreciation	43,174	3,812	46,986	263,502
TOTAL EXPENSES	<u>\$ 2,542,806</u>	<u>\$ 293,776</u>	<u>\$ 2,836,582</u>	<u>\$ 17,372,204</u>

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

**CHILDREN & FAMILIES FIRST
DELAWARE INC.**

	2020	RESTATED 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants and public support	\$ 23,854,563	\$ 16,754,448
Cash received from other revenue	597,311	539,728
Cash paid to employees and vendors	<u>(20,835,954)</u>	<u>(17,048,785)</u>
Net cash from operating activities	<u>3,615,920</u>	<u>245,391</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment	(72,868)	(186,737)
Proceeds from sale of fixed assets	0	376,419
Sales of investments	769,854	573,474
Purchases of investments	<u>(941,067)</u>	<u>(637,898)</u>
Net cash from (used by) investing activities	<u>(244,081)</u>	<u>125,258</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	3,776,879	11,327,339
Payments on line of credit	(5,206,904)	(11,593,466)
Repayment of debt	(27,118)	(43,108)
Payments on capital lease obligations	<u>(73,168)</u>	<u>73,230</u>
Net cash used by financing activities	<u>(1,530,311)</u>	<u>(236,005)</u>
NET CHANGE IN CASH	1,841,528	134,644
CASH		
Beginning of year	<u>513,584</u>	<u>378,940</u>
End of year	<u><u>\$ 2,355,112</u></u>	<u><u>\$ 513,584</u></u>
SUPPLEMENTAL DISCLOSURES:		
Interest paid	<u>\$ 46,699</u>	<u>\$ 97,134</u>
Taxes paid	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Assets acquired through capital leases	<u><u>\$ 0</u></u>	<u><u>\$ 135,833</u></u>

See accompanying notes to financial statements.

Note 1 Summary of Organization activities and significant accounting policies

Organization activities

Since 1884, Children & Families First Delaware Inc. (the Organization) has served Delawareans in need, with a mission to help families develop solutions to meet challenges and embrace opportunities. Its vision is communities where children are nurtured and safe, individuals are valued, and families are strong. Its programs cover the lifespan, including support to pregnant women and babies, foster care and adoption, advocacy for quality early care and education, and services for elders.

Principals of consolidation

The consolidated financial statements include the accounts of Children & Families First Delaware Inc. and its affiliated supporting organizations, B2W2 Inc., Children & Families First Endowments Inc. ("CFFE") and Supporting K.I.D.D.S, Inc. All significant inter-organization transactions and balances have been eliminated in consolidation.

B2W2 Inc.'s sole purpose is to act exclusively for the benefit of, to perform the functions of, or to carry out the purposes of Children & Families First Delaware Inc., an organization described in Section 509(a)(2) of the Internal Revenue Code of 1986, as amended. In conformity with the foregoing, the activities of B2W2 Inc. are to provide facilities, vehicles and equipment to Children & Families First Delaware Inc. to be used in furtherance of its tax-exempt purpose.

CFFE's sole purpose is to act exclusively for the benefit of, to perform the functions of, or to carry out the purposes of Children & Families First Delaware Inc., an organization described in Section 509(a)(2) of the Internal Revenue Code of 1986, as amended. The activities of CFFE are to hold and manage the endowment assets of Children & Families First Delaware Inc. Additionally, CFFE engages in a variety of fund raising activities which may include foundation, corporate and individual solicitations and special events. Proceeds from activities of the corporation are either reinvested in the endowment for future use by Children & Families First Delaware Inc. or distributed to Children & Families First Delaware Inc. to be used in furtherance of its tax-exempt purpose.

Supporting K.I.D.D.S., Inc.'s sole purpose is to support and educate bereaved children, their families, and the larger communities in which they live. Supporting K.I.D.D.S., Inc. offers an evolving menu of programs and services, both at the center and in collaboration with community groups. These include support groups, educational seminars, and consultations with professionals who work with children, a state-of-the-art lending library, information packets about children and grief, and referrals to related services. Supporting K.I.D.D.S., Inc was merged into the Organization effective February 1, 2018.

Note 1 Summary of Organization activities and significant accounting policies (cont'd)

Financial statement presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles. ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of operations

The Organization's measure of operations includes all revenue and expenses that are an integral part of its programs and supporting activities, net assets released from donor restrictions to support operating expenditures, and transfers from Board-designated and other non-operating funds to support current operating activities. The measure of operations includes support for operating activities from net assets with or without donor restrictions designated for long-term investment according to the Organization's spending policy. The measure of operations excludes support for non-operating and restricted operating activities.

Use of estimates in the preparation of financial statements

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Note 1 Summary of Organization activities and significant accounting policies (cont'd)

Grants and accounts receivable

The Organization recognizes pledges as support in the period in which the unconditional promise to give is received.

The Organization estimates an allowance for doubtful accounts based on historical collection rates and an analysis of the collectability of individual receivables. The allowance for doubtful accounts for pledges, grants and accounts receivable was \$ 0 at December 31, 2020 and 2019.

Investments

Investments are recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment gain or loss in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on mark-to-market value and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization group's assets at fair value in three levels, based on the markets in which the assets are liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 - inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – 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

Level 3 – unobservable inputs that cannot be corroborated by observable market data.

Note 1 Summary of Organization activities and significant accounting policies (cont'd)

Contributions

Contributions received are recorded as net assets with donor restrictions or without donor restriction support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of allocation</u>
Depreciation	Rentable square feet

Reclassifications

Certain reclassifications have been made to the 2019 financial statement presentation to correspond to the current year's format. Total net assets and change in net assets are unchanged due to these reclassifications.

Note 1 Summary of Organization activities and significant accounting policies (cont'd)

Revenue and revenue recognition

Revenue is measured and recognized based on the type of consideration received. Revenue from fundraisers is measured by the amount of money received for or during the event, less expenses incurred for the fundraising activity. Revenue from government agencies and other grants is measured by the consideration specified in the respective contract with the respective granting agency. The Organization recognizes this revenue on a cost reimbursement basis as the Organization satisfies service obligations. The Organization submits approved expenditures to the granting agency and recognizes the revenue upon submission. The Organization also has revenues for program services that have a duration of one year or less. The Organization has elected the practical expedient and has not disclosed the value of unsatisfied performance obligations nor the expected timing for completion related to these revenues. All amounts paid in advance are deferred to the period in which the underlying service takes place. Due to the nature and timing of the service and/or transfer of services, substantially all deferred revenue at December 31 of each year is recognized in the following year.

Donated services

Donated services are not recognized as revenues unless the services received create or enhance the value of a nonfinancial asset; or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. No such amounts were received during 2020 or 2019. However, a number of volunteers have contributed their time to the Organization.

Income taxes

Children & Families First Delaware Inc. is exempt from federal income tax under Internal Revenue Code Section 501(c)(3).

B2W2 Inc. and CFFE are exempt from federal income tax under Internal Revenue Code Section 509(a)(2). However, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income.

Generally accepted accounting principles prescribe rules for the recognition, measurement, classification and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Organization's tax returns. Management has determined that the Organization does not have any uncertain tax positions or associated unrecognized benefits that materially impact the consolidated financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties and interest as a result of such challenge. The Organization's federal exempt organization business income tax returns (Form 990) for 2017, 2018, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

Note 1 Summary of Organization activities and significant accounting policies (cont'd)

Availability and liquidity

The following represents the Organization's financial assets at December 31, 2020 and 2019:

Financial assets at year end:	2020	RESTATED 2019
Cash	\$ 2,355,112	\$ 513,584
Grant and accounts receivable	1,918,430	1,789,252
Investments	<u>3,864,426</u>	<u>3,645,535</u>
Total financial assets	8,137,968	5,948,371
Less amounts not available to be used within one year:		
Net assets with donor restrictions	1,509,218	1,568,782
Quasi endowment established by the Board	<u>2,541,777</u>	<u>2,349,751</u>
	<u>4,050,995</u>	<u>3,918,533</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,086,973</u>	<u>\$ 2,029,838</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments. The Organization has a line of credit available to meet cash flow needs.

Note 2 Contracts and grants from governmental agencies

Children & Families First Delaware Inc., in the normal course of business, receives grants and enters into contracts for the performance of specific activities within certain budgetary constraints. Such projects are subject to various stipulations as to operating compliance and financial reporting. For substantially all of these programs, the expenditures are subject to review, audit and final approval by the contracting agency.

Note 3 Property and equipment and depreciation

Property and equipment are stated at cost, if purchased. Donated facilities and equipment are recorded at their fair values at the date of receipt. When such assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from their respective accounts and any gains or losses on such dispositions are recognized in the statement of activities. Children & Families First Delaware Inc.'s policy is to capitalize items with a cost equal to or greater than \$ 5,000. Expenditures for maintenance, repairs, minor renewals and betterments which do not improve or extend the useful life of the respective asset are expensed.

Note 3 Property and equipment and depreciation (cont'd)

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The following is a schedule of the estimated useful lives:

Land improvements	10 – 40 years
Buildings and improvements	10 – 40 years
Building equipment and furnishings	5 – 20 years
Office equipment	3 – 10 years
MIS implementation	5 years
Automobiles	5 years

Note 4 Investments

The following is a fair value summary of investments measured on a recurring basis at December 31, 2020 and 2019:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Investments – the fair value of Level 1 debt and equity securities is determined by reference to quoted market prices. The fair value of Level 2 equity securities is determined by using a market approach and reflects the fair value of a mutual fund's underlying securities divided by the number of shares that are outstanding within the fund.

Beneficial interest in perpetual trust – the fair value is estimated based on the fair value of the underlying assets in the trust.

Fair value of assets and liabilities measured on a recurring basis are as follows:

December 31, 2020	Total	Level 1	Level 2	Level 3
Money market funds	\$ 75,575	\$ 75,575	\$ 0	\$ 0
Equity securities	1,959,716	1,959,716	0	0
Fixed income	1,508,735	1,508,735	0	0
Alternate investments	320,400	320,400	0	0
Beneficial interest in perpetual trust	4,699,683	0	0	4,699,683
	<u>\$ 8,564,109</u>	<u>\$ 3,864,426</u>	<u>\$ 0</u>	<u>\$ 4,699,683</u>
December 31, 2019	Total	Level 1	Level 2	Level 3
Money market funds	\$ 163,187	\$ 163,187	\$ 0	\$ 0
Equity securities	1,854,426	1,854,426	0	0
Fixed income	1,310,557	1,310,557	0	0
Alternate investments	317,365	317,365	0	0
Beneficial interest in perpetual trust	4,519,867	0	0	4,519,867
	<u>\$ 8,165,402</u>	<u>\$ 3,645,535</u>	<u>\$ 0</u>	<u>\$ 4,519,867</u>

Note 4 Investments (cont'd)

Beneficial interest in perpetual trust

January 1, 2020	\$ 4,519,867	January 1, 2019	\$ 3,970,569
Gain on investment	<u>179,816</u>	Gain on investment	<u>549,298</u>
December 31, 2020	<u>\$ 4,699,683</u>	December 31, 2019	<u>\$ 4,519,867</u>

Note 5 Endowment funds

The Organization's endowment consists of contributions from donors for the creation of a permanent endowment for general purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The assets are invested in the general investment portfolio of the agency, and all other accumulations are classified as net assets without donor restrictions, absent of explicit donor stipulations to the contrary. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the historic dollar 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 Organization classifies as a permanent endowment (a) to the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) 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 in with donor restricted net assets is classified as without donor restriction net assets to be utilized by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 and (7) the Organization's investment policies.

All investment income in 2020 and 2019, net of investment management fees, was appropriately transferred into the without donor restrictions endowment fund based on the lack of donor restriction on use.

Note 5 Endowment funds (cont'd)

Return objectives and risk parameters

The Children & Families First Endowment Inc. Board of Directors and Children & Families First Delaware Inc. Finance Committee, with the assistance of the Organization investment advisor, operated in accordance with an investment policy statement that is intended to provide a predictable stream of income and investment returns. Under the policy guidelines, as approved by the Board of Directors, the endowment assets are invested in accordance with sound investment practices that emphasize long-term investment fundamentals. In establishing investment objectives, the Board of Directors, with the assistance of the Finance Committee, has taken into account the time horizon available for investment, the nature of the Organization's cash flow requirements, and other factors that affect the Board of Director's and Finance Committee's risk tolerance.

Strategy employed for achieving objectives

The Children & Families First Endowment Inc. Board of Directors and Children & Families First Delaware Inc. Finance Committee have adopted an investment objective of long-term growth for the invested assets. The investment guidelines emphasize long-term capital appreciation as a primary source of return, recognize that the assets are exposed to risk and may be subject to fluctuation in market value from year-to-year, expect to earn returns sufficient to grow the purchasing power of assets over the long-term, diversify the invested assets in order to reduce the risk of wide swings in market value from year to year or of incurring large losses that may result from concentrated positions, and achieve investment results over the long-term that compare favorably with other professionally managed portfolios and appropriate market indexes.

In addition, the Organization is a beneficiary of the Brown Trust, the Harlan Trust and the Alice Warner Foundation Trust, which are held and administered by outside fiscal agents. Under the terms of the trusts, the Organization has the irrevocable right to receive net investment income earned on the assets of the trusts in perpetuity, but will never receive the assets of these trusts. The Organization receives monthly income from these trusts. These distributions can be used in any way that is consistent with the Organization's exempt purpose. Distributions received during 2020 and 2019 totaled \$ 6,587 and \$ 1,341, respectively, and are included in net assets without donor restrictions.

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS
(cont'd)**

CHILDREN & FAMILIES FIRST DELAWARE, INC.

Note 5 Endowment funds (cont'd)

Management estimates the fair value of its beneficial interest to approximate the fair value of the underlying assets of the trusts. As of December 31, 2020 and 2019, the estimated fair value of the trust assets was:

December 31,	2020		2019	
	<u>Amount</u>	<u>% owned</u>	<u>Amount</u>	<u>% owned</u>
Bertha Harlan Trust	\$ 61,946	33	\$ 58,808	33
Alice Warner Trust	177,873	14	172,342	14
H. Fletcher Brown Trust	<u>4,459,864</u>	100	<u>4,288,717</u>	100
Total fair value of beneficial interest	<u>\$ 4,699,683</u>		<u>\$ 4,519,867</u>	

Endowment net asset composition by type of fund as of December 31, 2020 are as follows:

	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, Beginning of year, restated	\$ 2,349,751	\$ 5,143,690	\$ 7,493,441
Contributions			
Investment income	60,279	0	60,279
Net appreciation (depreciation)	202,275	179,816	382,091
Amount appropriated for expense	(19,181)	0	(19,181)
Transfers	<u>(51,347)</u>	<u>0</u>	<u>(51,347)</u>
Endowment net assets, End of year	<u>\$ 2,541,777</u>	<u>\$ 5,323,506</u>	<u>\$ 7,865,283</u>

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS
(cont'd)**

CHILDREN & FAMILIES FIRST DELAWARE, INC.

Note 5 Endowment funds (cont'd)

Strategy employed for achieving objectives (cont'd)

Endowment net asset composition by type of fund as of December 31, 2019 are as follows:

	Without donor <u>restriction</u>	With donor <u>restriction</u>	Total Net Endowment <u>Assets</u>
Endowment net assets,			
Beginning of year, restated	\$ 1,916,656	\$ 4,594,392	\$ 6,511,048
Investment income	111,140	0	111,140
Net depreciation	391,874	549,298	941,172
Amount appropriated for expense	(18,355)	0	(18,355)
Transfers	<u>(51,564)</u>	<u>0</u>	<u>(51,564)</u>
Endowment net assets,			
End of year, restated	<u>\$ 2,349,751</u>	<u>\$ 5,143,690</u>	<u>\$ 7,493,441</u>

Note 6 Mortgage notes payable

Debt obligations consisted of the following at December 31:

	2020	2019
Mortgage at PNC Bank. The interest rate at December 31, 2020 and 2019 was 4.20%. Monthly payments vary; mortgage is due March 2021. Mortgage is collateralized by the Organization's building in Seaford, Delaware.	\$ 2,207	\$ 11,036
Fixed rate mortgage at M&T Bank. The interest rate at December 31, 2020 and 2019 was 3.49%. Monthly principal and interest payments are \$ 1,704; mortgage is due May 2023. Mortgage is collateralized by the Organization's building in Hockessin, Delaware.	<u>46,747</u>	<u>65,243</u>
	48,954	76,279
Less current portion	<u>(21,333)</u>	<u>(27,294)</u>
	<u>\$ 27,621</u>	<u>\$ 48,985</u>

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS
(cont'd)**

CHILDREN & FAMILIES FIRST DELAWARE, INC.

Note 6 Mortgage notes payable

The following are maturities of the principal portion of mortgage notes payable for the next five years, thereafter and in the aggregate:

2021	\$ 21,333
2022	19,804
2023	7,817
2024	0
2025	0
Thereafter	<u>0</u>
	<u>\$ 48,954</u>

Interest expense totaled \$ 2,236 and \$ 3,372 for the years ended December 31, 2020 and 2019, respectively.

Note 7 Line of credit

The Organization has available a \$ 2,000,000 secured demand line of credit with PNC Bank at December 31, 2019. Interest is at the prime rate, 3.25% and 3.25% at December 31, 2020 and 2019, respectively. There were outstanding advances against the line of credit of \$ 0 and \$ 1,430,025 at December 31, 2020 and 2019, respectively. Advances and repayments on the line of credit were \$ 3,776,879 and \$ 5,206,904, respectively, for the year ended December 31, 2020 (\$ 11,327,339 and \$ 11,593,466, respectively, for the year ended December 31, 2019). The line of credit is secured by a lien on all business assets. Interest expense for the year ended December 31, 2020 was \$ 13,098 (\$ 78,150 for 2019).

Note 8 Net assets with donor restrictions

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2020 and 2019:

	<u>2020</u>	<u>RESTATED 2019</u>
Program expenses	<u>\$ 6,208,901</u>	<u>\$ 6,088,649</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrences of other events specified by donors in the amount of \$ 153,610 and \$ 143,779 for the years ended December 31, 2020 and 2019, respectively.

Note 9 Pension plan

Children & Families First Delaware Inc. has a non-contributory defined benefit pension plan which provides benefits for all eligible employees through Wilmington Trust Company. Benefits are based upon compensation and length of service. The Organization's funding policy is to contribute the minimum amount required by the Employee Retirement Income Security Act of 1974. On May 17, 2004, the Organization signed an amendment to freeze the accrued benefits under the plan. The plan was frozen effective June 30, 2004. This action does not affect benefits accrued through June 30, 2004.

Plan assets are allocated between equities fixed income alternative investments, and cash and cash equivalents.

In accordance with the FASB ASC section regarding employers' accounting for defined benefit pension and other post-retirement plans, entities are required to recognize a net liability or asset and an offsetting adjustment to changes in net assets without restrictions to report the funded status of defined benefit, pension and other post-retirement benefit plans. The section also requires prospective application. Additionally, entities are required to measure plan assets and obligations at their year-end statement of financial position date.

The Organization recognized the net gain or loss due to this application, plus the net cost benefit which created a gain in the amount of \$ 11,962 and \$ 93,123 in 2020 and 2019, respectively. Following is a summary of plan information provided by the consulting actuary:

	2020	2019
Change in projected benefit obligation		
Projected benefit obligation,		
beginning of year	\$ 3,007,666	\$ 2,867,014
Interest cost	92,543	117,048
Benefits paid	(155,788)	(313,876)
Actuarial gain (loss)	<u>251,390</u>	<u>337,480</u>
Projected benefit obligation, end of year	<u>3,195,811</u>	<u>3,007,666</u>
Change in plan assets:		
Fair value of plan assets,		
beginning of year	2,406,627	2,178,195
Employer contributions	171,808	175,996
Benefits paid	(155,788)	(313,876)
Administrative expenses	0	0
Actual return on plan assets	<u>184,087</u>	<u>366,312</u>
Fair value of plan assets, end of year	<u>2,606,734</u>	<u>2,406,627</u>
Funded status – benefit obligation in		
excess of plan assets (liability on		
statement of financial position)	<u>\$ 589,077</u>	<u>\$ 601,039</u>
Accumulated benefit obligation	<u>\$ 3,195,811</u>	<u>\$ 3,007,666</u>

Note 9 Pension plan (cont'd)

	2020	2019
Components of net periodic benefit cost and other amounts recognized in net assets without donor restrictions:		
Interest cost	\$ 92,543	\$ 117,048
Return on plan assets	(168,949)	(152,357)
Settlement loss	0	80,792
Amortization of net loss	<u>124,516</u>	<u>161,244</u>
Total net periodic pension loss	<u>\$ 48,110</u>	<u>\$ 206,727</u>
Amounts previously recognized in net assets without donor restrictions not yet recognized as periodic pension cost at December 31	<u>\$ 1,408,631</u>	<u>\$ 1,296,895</u>
Benefits paid	<u>\$ 155,788</u>	<u>\$ 313,876</u>
Weighted-average assumptions for year:		
Discount rate	3.16 %	4.20 %
Rate of compensation increases	0.00 %	0.00 %
Expected long-term rate of return on plan assets	7.00 %	7.00 %
Weighted-average assumptions at end of year:		
Discount rate	2.36 %	3.16 %
Rate of compensation increases	0.00 %	0.00 %
Expected long-term rate of return on plan assets	7.00 %	7.00 %
Measurement date	12/31	12/31

The estimated transition obligation, actuarial loss and prior service cost that will be amortized from changes in net assets without donor restrictions into the net periodic benefit cost over the next fiscal year are \$ 0, \$ 155,579, and \$ 0, respectively.

The Organization's expected long-term return on plan assets assumption is based on a periodic review of the plan's assets over a long-term horizon. Expectations of returns for each asset class are used in the review and are based on reviews of historical data and economic/financial market theory. The expected long-term rate of return on plan assets was selected from within a reasonable range of rates determined by (a) historical real returns for the asset classes covered by the investment policy and (b) projections of inflation over the long-term period during which benefits are payable to plan participants.

At December 31, 2020, plan assets were invested in cash and cash equivalents, alternative investments fixed income and stocks and comprised of approximately 4% cash and cash equivalents (Level 1), 58% equities (Level 1), and 30% fixed income and 8% alternative investments (Level 1). The Organization's target allocation was 55% equity securities, 32% fixed income securities and 12% alternative investments, and 1% cash and cash equivalents. There were holdings in five individual investments that were in excess of five percent of plan assets as of December 31, 2020.

Note 9 Pension plan (cont'd)

At December 31, 2020, plan assets were invested in cash and cash equivalents, alternative investments fixed income and stocks and comprised of approximately 7% cash and cash equivalents (Level 1), 58% equities (Level 1), and 27% fixed income and 8% alternative investments (Level 1). The Organization's target allocation was 55% equity securities, 32% fixed income securities and 12% alternative investments, and 1% cash and cash equivalents. There were holdings in three individual investments that were in excess of five percent of plan assets as of December 31, 2020.

The asset's 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 table below presents the balances of pension assets measured at fair value on a recurring basis, as of December 31, 2020 and 2019:

December 31, 2020	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 99,692	\$ 99,692	\$ 0	\$ 0
Equities	1,511,527	1,511,527	0	0
Fixed income	783,340	783,340	0	0
Alternative investments	212,175	212,175		
TOTAL	\$ 2,606,734	\$ 2,606,734	\$ 0	\$ 0
December 31, 2019	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 162,540	\$ 162,540	\$ 0	\$ 0
Equities	1,387,327	1,387,327	0	0
Fixed Income	643,392	643,392	0	0
Alternative investments	213,368	213,368		
TOTAL	\$ 2,406,627	\$ 2,406,627	\$ 0	\$ 0

Level 1 – Valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 – Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 9 Pension plan (cont'd)

The Organization's investment policy includes various guidelines and procedures designed to ensure assets are invested in a manner to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions. Central to the policy are target allocations (shown above) by major asset categories. The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters, achieve asset returns that meet or exceed the plan's actuarial assumptions and achieve asset returns that are competitive with the like institutions employing similar investment strategies. The endowment committee meets annually to review the investment policy statement, and quarterly to review investment returns and actual asset allocations in relation to policy allocation limits. The policy is established and administered in a manner so as to comply at all times with applicable government regulations.

The Organization expects to contribute a minimum of \$ 118,979 to the pension plan in 2020. No plan assets are expected to be returned to the Organization during 2020.

The benefits expected to be paid for the next five years are as follows:

2021	\$ 151,000
2022	150,000
2023	155,000
2024	159,000
2025	<u>162,000</u>
Total	<u>\$ 777,000</u>

Note 10 Defined contribution plan

The Organization has a defined contribution plan covering all full-time employees. Employees who have one month of credited service and are at least 21 years of age are eligible to participate. Each year, participants may contribute up to amounts allowed under Internal Revenue Code Section 415, as defined in the plan. The Organization's matching contribution is based on a discretionary percentage, determined by the Organization, of each tier of a participant's elective deferrals or flat dollar amount allocated on a uniform basis to all participants, as determined by the Organization. Contributions are subject to certain limitations. Employer contributions to the plan for the years ended December 31, 2020 and 2019 were \$ 128,919 and \$ 92,837, respectively.

Note 11 Operating leases

The Organization leases vehicles and office equipment under various operating leases that expire through April 2025. Total lease payments amounted to \$ 17,496 and \$ 43,191 for the years ended December 31, 2020 and 2019, respectively.

The following is a schedule of minimum future rental payments under non-cancelable operating leasing arrangements having remaining terms in excess of one year as of December 31, 2020:

2021	\$ 8,038
2022	12,057
2023	12,057
2024	12,057
2025	<u>4,019</u>
Total	<u>\$ 48,228</u>

Note 12 Operating lease as lessor

The Organization leases out office space in Georgetown, Delaware under an operating lease. The old lease expired on August 31, 2018. The new lease is for two years commencing on September 1, 2018 and expired August 31, 2020 with an exercised option for a one year renewal. For the years ended December 31, 2020 and 2019, the Organization received income from this lease of \$ 29,425 and \$ 28,137, respectively.

Note 13 Capital leases

The Organization has entered into lease agreements as a lessee for financing the acquisition of vehicles, computer equipment, and telephone system. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The assets acquired through the capital leases are as follows:

Vehicles – Enterprise, Inc.	\$ 488,776
Equipment – Cisco, Inc.	23,992
Equipment – STC, Inc.	309,181
Less: Accumulated amortization	<u>(580,883)</u>
Total	<u>\$ 241,066</u>

Note 13 Capital leases (cont'd)

Annual amortization is included in depreciation expense.

The future minimum lease obligations and the net present value of these minimum lease payments for the remaining term as of December 31, 2020 were as follows:

2021	\$ 90,063
2022	71,940
2023	37,663
2024	12,190
2025	<u>0</u>
	211,856
Amount representing interest	<u>(17,879)</u>
Total	<u>\$ 193,977</u>

Note 14 Advertising expenses

The Organization expenses the production costs of advertising when incurred. Advertising expense totaled \$ 38,169 and \$ 47,946 during the years ended December 31, 2020 and 2019, respectively.

Note 15 Concentration of credit risk

The financial instrument which potentially subjects the Organization to significant concentrations of credit risk is cash.

The Organization's cash is maintained in bank deposit accounts with financial institutions that at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant risk.

Note 16 Subsequent events

The date to which events occurring after December 31, 2020, the date of the most recent consolidated statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosures is REPORT DATE which is the date on which the financial statements were available to be issued.

Subsequent to year-end, the Organization has entered negotiations to spin-off its wholly owned subsidiary, Supporting Kidds, Inc. The negotiation is ongoing and the cost to the Organization is unknown as of December 8, 2021.

Note 17 Children & Families First Fund

The Children & Families First Fund ("CFF Fund") is an agreement between Children & Families First Delaware, Inc. ("The Organization") and the Delaware Community Foundation ("DCF") to establish a nonprofit endowment fund. The funds are administered and invested in the DCF, a commingled investment fund for the benefit of the Organization.

The funds are distributed to the Organization in accordance with the terms of the agreement. There were no distributions received by the Organization for the years ended December 31, 2020 and 2019.

As of December 31, 2020 and 2019, DCF held the following balances designated for DCF:

<u>2020</u>	<u>2019</u>
\$ 23,243	\$ 20,862

The above assets are excluded from the financial statements since the DCF holds variance power over the use of such assets.

Note 18 Loan Forgiveness

On April 14, 2020, the Organization received loan proceeds of \$ 1,888,500 from PNC Bank, N.A. under the Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provided for loans to qualified entities in the amounts up to 2.5 times the entity's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" as long as the borrower maintained its payroll levels and used the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount is reduced if the borrower terminated employees or reduced salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The Organization has used the PPP loan proceeds for purposes consistent with the PPP and was granted full forgiveness on June 29, 2021. The Organization included the forgiveness as a conditional contribution for the year ended December 31, 2020.

Note 19 COVID-19

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's donors, customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Note 20 Restatement

FASB ASC 958-605 requires not-for-profit entities to record contributions according to whether the contribution is restricted by the donor, as well as, whether a contribution is conditional or unconditional. Upon further review of contributions received and the maintenance of restricted net assets, the Organization's management has determined that certain of the Organization's net assets with donor restrictions were incorrectly characterized and should have been recorded as net assets without donor restrictions. Therefore, restating the amounts from net assets with donor restrictions to without donor restrictions is necessary.

This adjustment does not change total net assets. Total net assets as of December 31, 2018 were \$ 9,853,128, net assets without donor restrictions were \$ 3,989,367 and net assets with donor restrictions were \$ 5,863,761. The restatement of net assets for 2018 as described above reclassified net assets with donor restriction to net assets without donor restriction in the amount of \$ 367,937. Total net assets (restated) as of December 31, 2018 are \$ 9,853,128; net asset without donor restrictions are \$ 4,354,304; and net assets with donor restrictions are \$ 5,498,824. In addition, the net effect of this restatement on the consolidated financial statements as of and for the year ended December 31, 2019 was as follows:

	Originally stated December 31, 2019	Adjustment	Restated December 31, 2019
Contributions and bequests			
With donor restrictions	\$ 909,119	\$ (724,813)	\$ 184,306
Allocation by United Way of Delaware, Inc.			
Without donor restrictions			
With donor restrictions	17,120	225,562	242,682
	225,562	(225,562)	0
Other grants	566,328	724,813	1,291,141
Net assets released from restrictions	1,095,586	(951,807)	143,779
Change in net assets			
Without donor restrictions	439,889	(1,432)	438,457
With donor restrictions	588,393	1,432	589,825
Net assets			
Without donor restrictions	4,429,256	363,505	4,792,761
With donor restrictions	6,452,154	(363,505)	6,088,649

SUPPLEMENTARY INFORMATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

CHILDREN & FAMILIES FIRST
DELAWARE INC.

DECEMBER 31, 2020

	Children & Families First Delaware Inc.	Children & Families First Endowment Inc.	B2W2 Inc.	Elimination Entries	Consolidated Balances
CURRENT ASSETS					
Cash and equivalents	\$ 1,907,636	\$ 0	\$ 447,476	\$ 0	\$ 2,355,112
Accounts receivable	57,821	15,846	1,422,516	(1,496,183)	0
Grants receivable	2,546,102	0	0	(685,493)	1,860,609
Prepaid expenses	253,510	0	0		253,510
Total Current Assets	4,765,069	15,846	1,869,992	(2,181,676)	4,469,231
OTHER ASSETS					
Investments	341,668	3,289,763	232,995		3,864,426
Beneficial interest in perpetual trusts	4,699,683	0	0		4,699,683
	5,041,351	3,289,763	232,995	0	8,564,109
PROPERTY AND EQUIPMENT					
Land and improvements	0	0	473,687		473,687
Building and improvements	0	0	5,561,911		5,561,911
Automobiles	220,963	0	431,927		652,890
Building equipment and furnishings	155,596	0	792,774		948,370
Office and MIS equipment	309,371	0	161,682		471,053
	685,930	0	7,421,981	0	8,107,911
Accumulated depreciation	626,204	0	4,578,837		5,205,041
Property and equipment, net	59,726	0	2,843,144	0	2,902,870
ASSET HELD FOR SALE	0	0	0	0	0
	<u>\$ 9,866,146</u>	<u>\$ 3,305,609</u>	<u>\$ 4,946,131</u>	<u>\$ (2,181,676)</u>	<u>\$ 15,936,210</u>
CURRENT LIABILITIES					
Line of credit	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Mortgage and notes payable	0	0	21,333		21,333
Accounts payable	1,815,880	140,009	741,111	(2,181,676)	515,324
Accrued expenses	169,546	0	0		169,546
Capital lease payable	0	0	78,296		78,296
Deferred revenue	224,587	0	0		224,587
Total Current Liabilities	2,210,013	140,009	840,740	(2,181,676)	1,009,086
LONG TERM LIABILITIES					
Pension liability	589,077	0	0		589,077
Capital lease payable	0	0	115,681		115,681
Mortgage and notes payable	0	0	27,621		27,621
Total Long Term Liabilities	589,077	0	143,302	0	732,379
Total Liabilities	2,799,090	140,009	984,042	(2,181,676)	1,741,465
NET ASSETS					
Without donor restrictions					
Without donor restrictions - general use	1,481,978	0	3,962,089		5,444,067
Without donor restrictions - endowment	0	2,541,777	0		2,541,777
Total without donor restrictions	1,481,978	2,541,777	3,962,089	0	7,985,844
With donor restrictions	5,585,078	623,823	0		6,208,901
Total Net Assets	7,067,056	3,165,600	3,962,089	0	14,194,745
Total Liabilities and Net Assets	<u>\$ 9,866,146</u>	<u>\$ 3,305,609</u>	<u>\$ 4,946,131</u>	<u>\$ (2,181,676)</u>	<u>\$ 15,936,210</u>

CONSOLIDATING SCHEDULES OF FINANCIAL POSITION

CHILDREN & FAMILIES FIRST
DELAWARE INC.

DECEMBER 31, 2019 (RESTATED)

	Children & Families First Delaware Inc.	Children & Families First Endowment Inc.	B2W2 Inc.	Supporting K.I.D.D.S. Inc.	Elimination Entries	Consolidated Balances
CURRENT ASSETS						
Cash and equivalents	\$ 270,155	\$ 0	\$ 243,429	\$ 0	\$ 0	\$ 513,584
Accounts receivable	37,370	7,389	1,446,987	0	(1,489,285)	2,461
Grants receivable	2,432,182	0	0	0	(645,391)	1,786,791
Prepaid expenses	165,463	0	0	0	0	165,463
Total Current Assets	2,905,170	7,389	1,690,416	0	(2,134,676)	2,468,299
OTHER ASSETS						
Investments	326,392	3,097,737	221,406	0	0	3,645,535
Beneficial interest in perpetual trusts	4,519,867	0	0	0	0	4,519,867
	4,846,259	3,097,737	221,406	0	0	8,165,402
PROPERTY AND EQUIPMENT						
Land and improvements	0	0	473,687	0	0	473,687
Building and improvements	0	0	5,561,911	0	0	5,561,911
Automobiles	220,963	0	431,927	0	0	652,890
Building equipment and furnishings	119,626	0	755,876	0	0	875,502
Office and MIS equipment	309,371	0	161,682	0	0	471,053
	649,960	0	7,385,083	0	0	8,035,043
Accumulated depreciation	619,206	0	4,314,713	0	0	4,933,919
Property and equipment, net	30,754	0	3,070,370	0	0	3,101,124
ASSET HELD FOR SALE	0	0	0	0	0	0
	<u>\$ 7,782,183</u>	<u>\$ 3,105,126</u>	<u>\$ 4,982,192</u>	<u>\$ 0</u>	<u>\$ (2,134,676)</u>	<u>\$ 13,734,825</u>
CURRENT LIABILITIES						
Line of credit	\$ 1,430,025	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,430,025
Mortgage and notes payable	0	0	27,294	0	0	27,294
Accounts payable	1,350,283	131,552	774,346	0	(2,134,676)	121,505
Accrued expenses	161,161	0	0	0	0	161,161
Capital lease payable	0	0	72,697	0	0	72,697
Deferred revenue	196,260	0	0	0	0	196,260
Total Current Liabilities	3,137,729	131,552	874,337	0	(2,134,676)	2,008,942
LONG TERM LIABILITIES						
Pension liability	601,039	0	0	0	0	601,039
Capital lease payable	0	0	194,449	0	0	194,449
Mortgage and notes payable	0	0	48,985	0	0	48,985
Total Long Term Liabilities	601,039	0	243,434	0	0	844,473
Total Liabilities	3,738,768	131,552	1,117,771	0	(2,134,676)	2,853,415
NET ASSETS						
Without donor restrictions						
Without donor restrictions - general use	(1,421,411)	0	3,864,421	0	0	2,443,010
Without donor restrictions - endowment	0	2,349,751	0	0	0	2,349,751
Total without donor restrictions	(1,421,411)	2,349,751	3,864,421	0	0	4,792,761
With donor restrictions	5,464,826	623,823	0	0	0	6,088,649
Total Net Assets	4,043,415	2,973,574	3,864,421	0	0	10,881,410
Total Liabilities and Net Assets	<u>\$ 7,782,183</u>	<u>\$ 3,105,126</u>	<u>\$ 4,982,192</u>	<u>\$ 0</u>	<u>\$ (2,134,676)</u>	<u>\$ 13,734,825</u>

CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

**CHILDREN & FAMILIES FIRST
DELAWARE INC.**

	Children & Families First Delaware Inc.		Children & Families First Endowment Inc.		B2W2	Elimination	Consolidated
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Entries	Balances
PUBLIC SUPPORT AND REVENUE							
Public support:							
Received directly							
Contributions and bequests	\$ 714,709	\$ 94,046	\$ 0	\$ 0	\$ 0	\$ 0	\$ 808,755
Received indirectly							
Allocation by United Way of Delaware, Inc.	81,925	0	0	0	0	0	81,925
Fundraisers	3,150	0	0	0	0	0	3,150
Less: Direct expenses	(2,633)	0	0	0	0	0	(2,633)
Governmental agencies	18,100,376	0	0	0	0	0	18,100,376
Other grants	4,748,496	0	0	0	0	0	4,748,496
Other revenue:							
Fees for services - referrals	250,805	0	0	0	0	0	250,805
Programs service fees	201,229	0	0	0	0	(188,891)	12,338
Investment income	199,018	0	60,279	0	5,467	0	264,764
Rent income	0	0	0	0	646,198	(616,773)	29,425
Other	17,779	0	0	0	90,471	(68,271)	39,979
Total Public Support and Revenue							
Before Net Assets Released from Restrictions	24,314,854	94,046	60,279	0	742,136	(873,935)	24,337,380
NET ASSETS RELEASED FROM RESTRICTION	<u>153,610</u>	<u>(153,610)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>24,468,464</u>	<u>(59,564)</u>	<u>60,279</u>	<u>0</u>	<u>742,136</u>	<u>(873,935)</u>	<u>24,337,380</u>
EXPENSES							
Program services:							
Positive parenting	1,781,572	0	0	0	68,185	(105,503)	1,744,254
Supporting teens	6,167,562	0	0	0	106,069	(162,534)	6,111,097
Healthy babies	3,393,946	0	0	0	102,576	(155,772)	3,340,750
Family resources	4,279,759	0	0	0	89,452	(141,130)	4,228,081
Early childhood	1,788,182	0	0	0	45,920	(68,666)	1,765,436
Workplace supports	1,416,329	0	0	0	2,424	(3,733)	1,415,020
Grief counseling	339,947	0	0	0	16,566	(24,652)	331,861
Program quality and helpline	(10,926)	0	0	0	7,048	(10,640)	(14,518)
Total Program Services	<u>19,156,371</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>438,240</u>	<u>(672,630)</u>	<u>18,921,981</u>
Support services:							
Management and general	2,256,905	0	19,181	0	111,508	(179,926)	2,207,668
Fundraising	299,418	0	0	0	13,542	(21,379)	291,581
Total Support Services	<u>2,556,323</u>	<u>0</u>	<u>19,181</u>	<u>0</u>	<u>125,050</u>	<u>(201,305)</u>	<u>2,499,249</u>
TOTAL EXPENSES	<u>21,712,694</u>	<u>0</u>	<u>19,181</u>	<u>0</u>	<u>563,290</u>	<u>(873,935)</u>	<u>21,421,230</u>
CHANGE IN NET ASSETS BEFORE NONOPERATING ACTIVITY	<u>2,755,770</u>	<u>(59,564)</u>	<u>41,098</u>	<u>0</u>	<u>178,846</u>	<u>0</u>	<u>2,916,150</u>
NONOPERATING ACTIVITY							
Periodic pension gain	11,962	0	0	0	0		11,962
Realized/unrealized gain on investments	(4,352)	0	202,275	0	7,484	0	205,407
Gain on beneficial interest in perpetual trusts	0	179,816	0	0	0	0	179,816
Transfers	140,009	0	(51,347)	0	(88,662)	0	0
Total Nonoperating Activities	<u>147,619</u>	<u>179,816</u>	<u>150,928</u>	<u>0</u>	<u>(81,178)</u>	<u>0</u>	<u>397,185</u>
CHANGE IN NET ASSETS	<u>2,903,389</u>	<u>120,252</u>	<u>192,026</u>	<u>0</u>	<u>97,668</u>	<u>0</u>	<u>3,313,335</u>
NET ASSETS							
Beginning of year (restated)	(1,421,411)	5,464,826	2,349,751	623,823	3,864,421	0	10,881,410
Transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
End of year	<u>\$ 1,481,978</u>	<u>\$ 5,585,078</u>	<u>\$ 2,541,777</u>	<u>\$ 623,823</u>	<u>\$ 3,962,089</u>	<u>\$ 0</u>	<u>\$ 14,194,745</u>

CONSOLIDATING SCHEDULES OF ACTIVITIES

CHILDREN & FAMILIES FIRST
DELAWARE INC.

FOR THE YEAR ENDED DECEMBER 31, 2019 (RESTATED)

	Children & Families First Delaware Inc.		Children & Families First Endowment Inc.		B2W2	Elimination Entries	Consolidated Balances
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions		
REVENUES, GAINS, AND OTHER SUPPORT:							
Public support:							
Received directly							
Contributions and bequests	\$ 288,688	\$ 184,306	\$ 0	\$ 0	\$ 0	\$ 0	\$ 472,994
Received indirectly							
Allocation by United Way of Delaware, Inc.	242,682	0	0	0	0	0	242,682
Fundraisers	157,576	0	0	0	0	0	157,576
Less: Direct expenses	(46,625)	0	0	0	0	0	(46,625)
Governmental agencies	14,466,272	0	0	0	0	0	14,466,272
Other grants	1,291,141	0	0	0	0	0	1,291,141
Other revenue:							
Fees for services - referrals	136,503	0	0	0	0	0	136,503
Programs service fees	231,171	0	0	0	0	(201,151)	30,020
Investment income	179,573	0	87,075	0	6,578	0	273,226
Rent income	0	0	0	0	572,311	(544,174)	28,137
Other	85,696	0	0	0	83,567	(83,567)	85,696
Total Public Support and Revenue							
Before Net Assets Released from Restrictions	17,032,677	184,306	87,075	0	662,456	(828,892)	17,137,622
NET ASSETS RELEASED FROM RESTRICTION	143,779	(143,779)					
TOTAL PUBLIC SUPPORT AND REVENUE	17,176,456	40,527	87,075	0	662,456	(828,892)	17,137,622
EXPENSES AND LOSSES:							
Program services:							
Positive parenting	2,280,415	0	0	0	55,478	(63,820)	2,272,073
Supporting teens	4,134,234	0	0	0	191,009	(205,146)	4,120,097
Healthy babies	3,513,553	0	0	0	243,193	(261,257)	3,495,489
Family resources	1,389,120	0	0	0	40,502	(43,393)	1,386,229
Early childhood	2,356,730	0	0	0	54,563	(58,966)	2,352,327
Workplace supports	500,475	0	0	0	1,825	(2,122)	500,178
Grief Counseling	361,893	0	0	0	24,192	(25,899)	360,186
Program quality and helpline	50,804	0	0	0	5,307	(7,068)	49,043
Total Program Services	14,587,224	0	0	0	616,069	(667,671)	14,535,622
Support services:							
Management and general	2,548,420	0	18,355	0	118,771	(142,740)	2,542,806
Fundraising	301,412	0	0	0	10,845	(18,481)	293,776
Total Support Services	2,849,832	0	18,355	0	129,616	(161,221)	2,836,582
TOTAL EXPENSES AND LOSSES	17,437,056	0	18,355	0	745,685	(828,892)	17,372,204
CHANGE IN NET ASSETS BEFORE NONOPERATING ACTIVITY	(260,600)	40,527	68,720	0	(83,229)	0	(234,582)
NONOPERATING ACTIVITY							
Periodic pension gain	93,123	0	0	0	0	0	93,123
Realized/unrealized gain (loss) on investments	21,407	0	391,874	0	8,161	0	421,442
Gain on beneficial interest in perpetual trusts	0	549,298	0	0	0	0	549,298
Gain on sale of fixed assets	8,000	0	0	0	191,001	0	199,001
Transfers	116,161	0	(27,499)	0	(88,662)	0	0
Total Nonoperating Activities	238,691	549,298	364,375	0	110,500	0	1,262,864
CHANGE IN NET ASSETS	(21,909)	589,825	433,095	0	27,271	0	1,028,282
NET ASSETS							
Beginning of year (restated)	(1,399,502)	4,875,001	1,916,656	623,823	3,837,150	0	9,853,128
Transfers	0	0	0	0	0	0	0
End of year (restated)	\$ (1,421,411)	\$ 5,464,826	\$ 2,349,751	\$ 623,823	\$ 3,864,421	\$ 0	\$ 10,881,410

SINGLE AUDIT INFORMATION

Michael A. Trolie CPA
Donald J. Bromley CPA
E. Adam Gripton CPA
Katherine L. Silicato CPA
George W. Hager CPA
Robert T. Wright CPA
James R. Selsor, Jr. CPA
Christopher D. Erisman CPA
Alex K. Masciantonio CPA

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

To the Members of the Board
Children & Families First Delaware Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Children & Families First Delaware Inc., which comprise the consolidated statement of financial position as of December 31, 2020, and the related statements of operations, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Children & Families First Delaware Inc.'s internal control over financial reporting to determine the 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 Children & Families First Delaware Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Children & Families First Delaware Inc.'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Children & Families First Delaware Inc.'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gunnip & Company LLP

Wilmington, Delaware
December 8, 2021

Michael A. Trolio CPA
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the Board
Children & Families First Delaware Inc.

Report on Compliance for Each Major Federal Program

We have audited Children & Families First Delaware Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Children & Families First Delaware Inc.'s major federal programs for the year ended December 31, 2020. Children & Families First Delaware Inc.'s major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Children & Families First Delaware Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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)*. Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Children & Families First Delaware Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Children & Families First Delaware Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Children & Families First Delaware Inc. 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, 2020.

Report on Internal Control over Compliance

Management of Children & Families First Delaware Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Children & Families First Delaware Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Children & Families First Delaware Inc.'s 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 combination of control 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Wilmington, Delaware
January 25, 2022

**SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND CERTAIN STATE GRANTS**

**CHILDREN & FAMILIES FIRST
DELAWARE INC.**

FOR THE YEAR ENDED DECEMBER 31, 2020

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL CFDA NUMBER	GRANT PERIOD BEGINNING/ ENDING DATE	TOTAL RECEIVED FOR YEAR	ACCRUED REVENUE 1/1/2020	REVENUE RECOGNITION	EXPENDITURES	EXPENDITURES TO SUBRECIPIENTS	ACCRUED (DEFERRED) REVENUE 12/31/2020
U.S. Department of Agriculture									
Passed through Delaware Department of Education									
Child & Adult Care Food Program	I	10.558	10/01/2019-9/30/2020	\$ 722,163	\$ 0	\$ 722,163	\$ 722,163	\$ 595,315	\$ 0
Child & Adult Care Food Program	I	10.558	10/01/2020-9/30/2021	281,545	96,860	266,565	266,565	219,744	81,880
Total CFDA #10.558				1,003,708	96,860	988,728	988,728	815,059	81,880
Milton Elementary School (Cape Henlopen School District)	S	N/A	01/08/14-06/30/20	0	0	0	0	0	0
Red Clay Consolidated School District - Strengthening Families Parent Enrichment Classes	S	N/A		0	5,646	6,584	6,584	0	12,230
				0	5,646	6,584	6,584	0	12,230
Red Clay Consolidated School District - Warner	I	84.377	11/01/13-09/30/20	94,682	12,788	133,511	133,511	0	51,617
Red Clay Consolidated School District - Shortlidge	I	84.010	11/01/13-09/30/20	82,460	8,571	108,780	108,780	0	34,891
Total Delaware Department of Education				1,180,849	123,865	1,237,603	1,237,603	815,059	180,619
U.S. Department of Justice									
Passed through Delaware Criminal Justice Council									
VOCA Victim Assistance Funds	I	16.575	10/01/2018-9/30/2021	172,857	34,850	138,007	138,007	0	(0)
VOCA Victim Assistance Funds	I	16.575	10/01/18-09/30/21	166,959	42,094	214,796	214,796	0	89,930
Total CFDA #16.575				339,816	76,944	352,802	352,802	0	89,930
Functional Family Therapy for Re-Entry Youth (2016-PF-Passthru-1544)	S	N/A	11/01/16-12/31/19	0	0	0	0	0	0
Total Delaware Criminal Justice Council				339,816	76,944	352,802	352,802	0	89,930
U.S. Department of Health and Human Services									
ACYF - Children's Bureau	D	93.087	09/30/19-09/29/20	445,054	0	445,054	445,054	0	0
ACYF - Children's Bureau	D	93.087	09/30/20-09/29/21	113,616	33,400	147,708	147,708	0	67,492
Total CFDA #93.087				558,670	33,400	592,762	592,762	0	67,492
Passed through Delaware Department of Health and Social Services									
Aging & Disability	S	N/A	07/01/19-06/30/20	20,467	2,275	18,192	18,192	0	0
Aging & Disability	S	N/A	07/01/18-06/30/19	6,822	0	9,097	9,097	0	2,275
Total CFDA #93.048				27,289	2,275	27,289	27,289	0	2,275
Family Planning - Service	I	93.217	04/01/19-03/31/20	10,790	0	10,790	10,790	0	0
Family Planning - Service	I	93.217	04/01/20-03/31/21	33,357	4,170	35,893	35,893	0	6,706
Total CFDA #93.217				44,147	4,170	46,683	46,683	0	6,706
Child Care and Development Block Grant	I	93.575	10/01/19-09/30/20	88,283	2,814	88,283	88,283	0	2,814
Child Care and Development Block Grant	I	93.575	10/01/20-09/30/21	33,775	13,698	39,477	39,477	0	19,400
Child Care and Development Block Grant	I	93.575	10/01/20-09/30/21	69,723	61,053	8,670	8,670	0	0
Child Care and Development Block Grant	I	93.575	10/01/19-09/30/20	238,887	(20,220)	230,055	230,055	117,577	(29,053)
Child Care and Development Block Grant	I	93.575	04/05/17-06/29/19	0	0	0	0	0	0
Total CFDA #93.575				430,668	57,345	366,485	366,485	117,577	(6,839)
Office of Head Start- Head Start Program	I	93.6	07/01/2020-06/30/2021	3,174,650	0	3,174,650	3,174,650	0	0
Total CFDA #93.600				3,174,650	0	3,174,650	3,174,650	0	0
Passed through Delaware Department of Health and Social Services									
Other Cluster:									
Affordable Care Act (ACA) Maternal, Infant and Early Childhood Home Visiting Program	I	93.870 / 93.994 93.946	07/01/19-06/30/20	682,839	0	682,839	682,839	0	0
Affordable Care Act (ACA) Maternal, Infant and Early Childhood Home Visiting Program	S	N/A	07/01/20-6/30/21	605,107	106,033	601,480	601,480	0	102,406
Affordable Care Act (ACA) Maternal, Infant and Early Childhood Home Visiting Program	I	93.870 / 93.994 93.946	07/01/20-06/30/21	571,583	0	571,583	571,583	0	0
Affordable Care Act (ACA) Maternal, Infant and Early Childhood Home Visiting Program	I	93.870 / 93.994 93.946	07/1/19-6/30/20	475,582	90,267	578,727	578,727	0	193,412
Total Other Cluster				2,335,109	196,300	2,434,628	2,434,628	0	295,818

**SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND CERTAIN STATE GRANTS**

**CHILDREN & FAMILIES FIRST
DELAWARE INC.**

FOR THE YEAR ENDED DECEMBER 31, 2020

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL CFDA NUMBER	GRANT PERIOD BEGINNING/ ENDING DATE	TOTAL RECEIVED FOR YEAR	ACCRUED REVENUE 1/1/2020	REVENUE RECOGNITION	EXPENDITURES	EXPENDITURES TO SUBRECIPIENTS	ACCRUED (DEFERRED) REVENUE 12/31/2020
U.S. Department of Health and Human Services (cont'd)									
Nurse Family Partnership - Healthy Women Healthy Babies	S	N/A	07/01/18-06/30/21	177,418	17,161	181,747	181,747	0	21,490
Nurse Family Partnership - Perinatal/Preconception	S	N/A	07/01/18-06/30/21	202,990	27,470	228,884	228,884	0	53,364
DSAHM-Gov't Grants (Additional HFA Staffing)	S	N/A	07/01/18-06/30/21	50,926	6,285	44,641	44,641	0	(0)
DPH Partner Costs-Gov't Grants (Peer Recovery Coaches)	S	N/A	07/01/18-06/30/21	188,555	0	193,847	193,847	0	5,292
Nurse Family Partnership	S	N/A	07/01/19-06/30/20	18,089	2,469	15,620	15,620	0	0
Nurse Family Partnership	S	N/A	07/01/18-06/30/21	16,550	0	19,139	19,139	0	2,589
FAIR	S	N/A	06/30/16-06/30/21	1,252,141	191,869	1,303,082	1,303,082	0	242,811
Total Delaware Department of HSS				7,918,532	505,344	8,036,694	8,036,694	117,577	623,506
Total U.S. Department of Health and Human Services				8,477,203	538,744	8,629,456	8,629,456	117,577	690,997
Passed through Delaware Department of Children Youth and Their Families									
Stephanie Tubbs Jones Child Welfare Services	S	N/A	07/01/19-06/30/20	143,199	0	143,199	143,199	0	0
Stephanie Tubbs Jones Child Welfare Services	S	N/A	07/01/20-06/30/21	86,042	45,748	59,737	59,737	0	19,443
Total Delaware Department of Children Youth and Their Families				229,242	45,748	202,937	202,937	0	19,443
Passed through Delaware Department of Health and Social Services, Division of Family Services, Office of Prevention									
Adoption Assistance	S	N/A	07/01/18-06/30/20	0	3,300	0	0	0	3,300
Intensive Homebased Family Support and Parent Aide	S	N/A	07/01/19-06/30/20	56,027	84,708	56,027	56,027	0	84,708
Intensive Homebased Family Support and Parent Aide	S	N/A	07/01/20-06/30/21	78,953	(56,442)	78,736	78,736	0	(56,659)
Total CFDA #93.667				134,980	28,266	134,763	134,763	0	28,049
Family Search and Engagement	S	N/A	07/01/18-06/30/21	77,767	4,772	79,181	79,181	0	6,186
Foster Care	S	N/A	07/01/18-06/30/20	553,359	0	553,359	553,359	191,816	0
Foster Care	S	N/A	07/01/20-06/30/21	592,150	190,802	474,397	474,397	205,263	73,049
Foster care- ICPC	S	N/A	07/01/20-06/30/21	40,760	0	41,423	0	0	663
Special Needs Adoption	S	N/A	07/01/19-06/30/20	157,497	4,110	153,387	153,387	0	-
Special Needs Adoption	S	N/A	07/01/20-06/30/21	176,889	57,047	142,705	142,705	0	22,863
Total Delaware Department of Health and Social Services, Division of Family Services, Office of Prevention				1,598,422	256,731	1,444,451	1,403,028	397,079	102,760
Child Mental Health									
Seaford House RTC	S	N/A	07/01/16-06/30/21	1,881,373	135,707	1,906,354	1,906,354	0	160,688
Intensive Outpatient	S	N/A	07/01/17-06/30/21	110,644	69,279	68,784	68,784	0	27,420
BHC	S	N/A	10/01/2019-09/30/2024	2,270,978	106,270	2,344,239	2,344,239	0	179,531
DOE-PBHS	S	N/A	10/01/2018-09/30/2021	530,404	98,564	468,356	468,356	0	36,516
Total Child Mental Health				4,793,399	409,820	4,787,733	4,787,733	0	404,154

**SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND CERTAIN STATE GRANTS**

**CHILDREN & FAMILIES FIRST
DELAWARE INC.**

FOR THE YEAR ENDED DECEMBER 31, 2020

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL CFDA NUMBER	GRANT PERIOD BEGINNING/ ENDING DATE	TOTAL RECEIVED FOR YEAR	ACCRUED REVENUE 1/1/2020	REVENUE RECOGNITION	EXPENDITURES	EXPENDITURES TO SUBRECIPIENTS	ACCRUED (DEFERRED) REVENUE 12/31/2020
U.S. Department of Education									
Fund for the Improvement of Education	D	84.215	10/01/19-09/30/20	383,011	0	383,011	383,011	0	0
Fund for the Improvement of Education	D	84.215	10/01/19-09/30/21	2,289	34,638	111,872	111,872	0	144,221
Total CFDA #84.215				385,300	34,638	494,883	494,883	0	144,221
Passed through University of Delaware									
Delaware Stars	S	N/A	07/01/19-06/30/20	266,332	0	266,332	266,332	0	0
Delaware Stars	S	N/A	07/01/20-06/30/21	313,400	133,483	261,650	261,650	0	81,733
Total University of Delaware				579,732	133,483	527,982	527,982	0	81,733
Passed through Christina School District									
Christina School District	S	N/A	08/14/20-07/31/21	206,943	37,620	169,323	169,323	0	0
Christina School District	S	N/A	08/10/19-07/31/20	64,367	0	118,526	118,526	0	54,159
Christina School District-Mt. Pleasant Elementary	S	N/A	08/01/19-07/31/20	0	0	0	0	0	0
Total Christina School District				271,310	37,620	287,848	287,848	0	54,159
TOTAL FEDERAL AWARDS AND CERTAIN STATE GRANTS				<u>\$ 17,990,252</u>	<u>\$ 1,689,159</u>	<u>\$ 18,100,458</u>	<u>\$ 18,059,035</u>	<u>\$ 1,329,715</u>	<u>\$ 1,799,365</u>
TOTAL FEDERAL AWARDS				\$ 7,844,104	\$ 414,983	\$ 8,092,432	\$ 8,092,432	\$ 932,636	\$ 663,311
TOTAL STATE GRANTS				10,146,148	1,274,176	10,008,026	9,966,603	397,079	1,136,054
TOTAL FEDERAL AWARDS AND CERTAIN STATE GRANTS				<u>\$ 17,990,252</u>	<u>\$ 1,689,159</u>	<u>\$ 18,100,458</u>	<u>\$ 18,059,035</u>	<u>\$ 1,329,715</u>	<u>\$ 1,799,365</u>

Source Code:

I - Indirect Funding
D - Direct Funding
S - State Funding

**NOTES TO SCHEDULE OF
EXPENDITURES OF FEDERAL
AWARDS**

CHILDREN & FAMILIES FIRST DELAWARE, INC.

Note A Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Children & Families First Delaware Inc. under programs of the federal government for the year ended December 31, 2020. The information in this schedule 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 (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Children & Families First Delaware Inc., it is not intended to and does not present the financial position, change in net assets or cash flows of Children & Families First Delaware Inc.

Note B Summary of significant accounting principles

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C Summary of significant accounting principles

Children & Families First Delaware Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

CHILDREN & FAMILIES FIRST DELAWARE, INC.

FOR THE YEAR ENDED DECEMBER 31, 2020

Section I - Summary of Audit Results

Consolidated Financial Statements

Type of auditors' report issued: unmodified opinion

Internal control over financial reporting:

Material weaknesses? _____ yes X no

Significant deficiencies in internal control over financial reporting? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:

Material weaknesses? _____ yes X no

Significant deficiencies in internal control over major programs _____ yes X no

Type of auditors' report issued on compliance for major programs: unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Major Programs:

<u>CFDA/ Contract Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start Program
84.215	Funds for the Improvement of Education

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ yes X no

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

CHILDREN & FAMILIES FIRST DELAWARE, INC.

FOR THE YEAR ENDED DECEMBER 31, 2020

Section II – Financial Statement Findings

NONE REPORTED

Section III – Federal Award Findings and Questioned Costs

NONE REPORTED

**SUMMARY STATUS OF PRIOR YEAR
AUDIT FINDINGS**

CHILDREN & FAMILIES FIRST DELAWARE, INC.

Section IV – Status of Prior Year Findings

Reference Number:	2019-001
Type of Finding:	Material Weakness – Internal Control Over Financial Reporting

Condition

The COSO framework for effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Organization's audited financial statement and then should determine how those identified risks should be managed. Management has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including footnote disclosures and Schedule of Expenditures of Federal Awards.

Criteria

Internal controls should be in place to ensure that accurate and timely financial statements including Schedule of Expenditures of Federal Awards are properly presented.

Recommendation

We recommend that management design effective controls over the preparation of the financial statements and footnote disclosures.

Current status

This is not a current year finding.

**SUMMARY STATUS OF PRIOR YEAR
AUDIT FINDINGS**

CHILDREN & FAMILIES FIRST DELAWARE, INC.

Section IV – Status of Prior Year Findings

Reference Number: 2019-002
Type of Finding: Material Weakness – Recording of Donor Restricted Activity

Condition

Children and Families First Delaware, Inc. has failed to design effective controls to properly record the activity of their net assets with donor restrictions.

Criteria

As part of our audit, we test contributions mainly for completeness in recording, existence of gifts received, and accuracy in classification of restrictions or lack thereof. The recordkeeping for gifts appears to be kept in multiple places, including Dynamics (a combination of unrestricted gifts, fundraising, and some restricted gifts) and Excel (for the remainder of restricted gifts not recorded in Dynamics). We were not provided with a report or reconciliation that agreed the record of gifts received to the general ledger. As a result, the auditors performed the reconciliation out of necessity. During the reconciliation and testing the restricted gifts and net assets, we noted the prior year restricted net assets were not properly closed in the general ledger. This resulted in the journal entries that needed to be made to reflect the opening balance in net assets

Recommendation

We recommend that management design effective controls over the recording of donor restricted activity.

Current status

This is not a current year finding.