

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

**CONSOLIDATED FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2022

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Children & Families First Delaware Inc. (a nonprofit organization) and supporting organizations, which comprise the statements of financial position as of December 31, 2022 and December 31, 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and December 31, 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Children & Families First Delaware Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Children & Families First Delaware Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Children & Families First Delaware Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Children & Families First Delaware Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information of pages 29 to 32 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.

September 25, 2023

Wilmington, Delaware



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash and equivalents	\$ 1,295,177	\$ 977,851
Grants and accounts receivable, net	3,671,883	2,312,058
Prepaid expenses	408,984	312,447
	<u>5,376,044</u>	<u>3,602,356</u>
OTHER ASSETS		
Investments	3,610,619	4,207,868
Beneficial interest in perpetual trusts	4,060,143	5,096,656
	<u>7,670,762</u>	<u>9,304,524</u>
PENSION ASSET	253,324	0
PROPERTY AND EQUIPMENT		
Land and improvements	838,361	875,130
Building and improvements	7,528,757	6,618,426
Automobiles	420,344	735,878
Building equipment and furnishings	580,848	888,091
Office and MIS equipment	471,053	471,053
Construction in progress	172,411	0
	<u>10,011,774</u>	<u>9,588,578</u>
Accumulated depreciation	<u>4,416,438</u>	<u>5,132,545</u>
Property and equipment, net	<u>5,595,336</u>	<u>4,456,033</u>
RIGHT OF USE ASSETS		
Financing lease right-of-use assets	33,927	0
Operating lease right-of-use assets	654,812	0
	<u>688,739</u>	<u>0</u>
	<u>\$ 19,584,205</u>	<u>\$ 17,362,913</u>

See accompanying notes to consolidated financial statements.

**CHILDREN & FAMILIES FIRST
DELAWARE INC.**

LIABILITIES

	2022	2021
CURRENT LIABILITIES		
Accounts payable	\$ 817,702	\$ 666,819
Accrued expenses	171,409	261,325
Operating lease liability - current	163,068	0
Financing lease liability - current	28,004	71,940
Deferred revenue	2,093,852	786
	<u>3,274,035</u>	<u>1,000,870</u>
Total current liabilities		
LONG-TERM LIABILITIES		
Pension liability	0	93,595
Operating lease liability, net of current	524,746	0
Finance lease liability, net of current	11,161	42,449
	<u>535,907</u>	<u>136,044</u>
Total long-term liabilities		
Total liabilities	3,809,942	1,136,914

NET ASSETS

NET ASSETS		
Without donor restrictions		
Unrestricted - general use	7,903,066	6,852,936
Unrestricted - board designated endowment	2,472,068	3,001,683
	<u>10,375,134</u>	<u>9,854,619</u>
Total without donor restrictions		
With donor restrictions	5,399,129	6,371,380
Total net assets	<u>15,774,263</u>	<u>16,225,999</u>
Total liabilities and net assets	<u>\$ 19,584,205</u>	<u>\$ 17,362,913</u>

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

**CHILDREN & FAMILIES FIRST
DELAWARE INC.**

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE:			
Public support:			
Received directly			
Contributions and bequests	\$ 345,069	\$ 130,027	\$ 475,096
In-kind contributions	1,210,000		1,210,000
Received indirectly			
Allocation by United Way of Delaware, Inc.	297,404	0	297,404
Fundraisers	109,553	0	109,553
Less: Direct expenses	(23,621)	0	(23,621)
Government Agencies	26,694,534	0	26,694,534
Other grants	1,683,173	0	1,683,173
Other revenues:			
Fees for services - referrals	128,199	0	128,199
Program service fees	52,325	0	52,325
Investment income	348,382	0	348,382
Rent	46,846	0	46,846
Other	17,341	0	17,341
Net assets released from restrictions	65,765	(65,765)	0
TOTAL PUBLIC SUPPORT AND REVENUE	30,974,970	64,262	31,039,232
EXPENSES AND LOSSES:			
Program Services			
Positive Parenting	1,986,890	0	1,986,890
Supporting Teens	6,990,455	0	6,990,455
Healthy Babies	3,391,063	0	3,391,063
Family Resources	11,482,968	0	11,482,968
Early Childhood	2,110,337	0	2,110,337
Workplace Supports	303,720	0	303,720
Grief Counseling	375,289	0	375,289
Program Quality and Helpline	8,399	0	8,399
Total Program Services	26,649,121	0	26,649,121
Supporting Services			
Management and general	3,554,034	0	3,554,034
Fundraising costs	305,710	0	305,710
Total Supporting Service	3,859,744	0	3,859,744
TOTAL EXPENSES AND LOSSES	30,508,865	0	30,508,865
CHANGE IN NET ASSETS BEFORE NONOPERATING ACTIVITY	466,105	64,262	530,367
NONOPERATING ACTIVITY			
Periodic pension gain	346,919	0	346,919
Realized/unrealized loss on investments	(635,689)	0	(635,689)
Gain on sale of assets	343,180	0	343,180
Loss on beneficial interest in perpetual trusts	0	(1,036,513)	(1,036,513)
TOTAL NONOPERATING ACTIVITY	54,410	(1,036,513)	(982,103)
CHANGE IN NET ASSETS	520,515	(972,251)	(451,736)
NET ASSETS AT BEGINNING OF YEAR	9,854,619	6,371,380	16,225,999
NET ASSETS AT END OF YEAR	\$ 10,375,134	\$ 5,399,129	\$ 15,774,263

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

**CHILDREN & FAMILIES FIRST
DELAWARE INC.**

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE:			
Public support:			
Received directly			
Contributions and bequests	\$ 238,365	\$ 46,466	\$ 284,831
In-kind contributions	2,423,000	0	2,423,000
Received indirectly			
Allocation by United Way of Delaware, Inc.	256,517	0	256,517
Fundraisers	0	0	0
Less: Direct expenses	(2,255)	0	(2,255)
Government Agencies	27,136,488	0	27,136,488
Other grants	1,574,789	0	1,574,789
Other revenues:			
Fees for services - referrals	148,602	0	148,602
Program service fees	76,226	0	76,226
Investment income	129,202	0	129,202
Rent income	30,389	0	30,389
Other	73,729	0	73,729
Net assets released from restrictions	280,960	(280,960)	0
TOTAL PUBLIC SUPPORT AND REVENUE	32,366,012	(234,494)	32,131,518
EXPENSES AND LOSSES:			
Program Services			
Positive Parenting	1,775,109	0	1,775,109
Supporting Teens	6,859,103	0	6,859,103
Healthy Babies	3,426,448	0	3,426,448
Family Resources	12,038,901	0	12,038,901
Early Childhood	2,065,674	0	2,065,674
Workplace Supports	584,083	0	584,083
Grief Counseling	327,809	0	327,809
Program Quality and Helpline	39,861	0	39,861
Total Program Services	27,116,988	0	27,116,988
Supporting Services			
Management and general	3,284,809	0	3,284,809
Fundraising costs	274,647	0	274,647
Total Supporting Service	3,559,456	0	3,559,456
TOTAL EXPENSES AND LOSSES	30,676,444	0	30,676,444
CHANGE IN NET ASSETS BEFORE NONOPERATING ACTIVITY	1,689,568	(234,494)	1,455,074
NONOPERATING ACTIVITY			
Periodic pension gain	495,482	0	495,482
Realized/unrealized gain on investments	325,639	0	325,639
Gain on beneficial interest in perpetual trusts	0	396,973	396,973
TOTAL NONOPERATING ACTIVITY	821,121	396,973	1,218,094
CHANGES IN NET ASSETS	2,510,689	162,479	2,673,168
NET ASSETS, BEGINNING OF YEAR	7,985,844	6,208,901	14,194,745
TRANSFER OUT	(641,914)	0	(641,914)
NET ASSETS, END OF YEAR	\$ 9,854,619	\$ 6,371,380	\$ 16,225,999

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

CHILDREN & FAMILIES FIRST
DELAWARE INC.

FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services								Total Program Services
	Positive Parenting	Supporting Teens	Healthy Babies	Family Resources	Early Childhood	Workplace Supports	Grief Counseling	Program Quality & Helpline	
EXPENSES									
Salaries	\$ 901,277	\$ 4,488,750	\$ 1,870,281	\$ 6,708,403	\$ 280,759	\$ 23,341	\$ 265,548	\$ 96,456	\$ 14,634,815
Employee benefits expense	156,627	1,100,958	476,316	1,258,810	42,443	5,819	46,370	27,862	3,115,205
Payroll taxes	80,933	392,789	162,342	600,538	25,116	2,102	22,230	8,234	1,294,284
Total Salaries and Related Expenses	1,138,837	5,982,497	2,508,939	8,567,751	348,318	31,262	334,148	132,552	19,044,304
Professional fees	78,614	177,846	398,508	410,869	14,596	2,656	10,367	14,990	1,108,446
Supplies	69,966	155,794	52,165	853,411	4,762	54	4,627	508	1,141,287
Telephone	31,097	128,880	51,255	312,931	8,764	7,268	677	1,896	542,768
Postage	1,481	4,811	2,087	1,749	374	44	0	126	10,672
Rent	31,857	69,845	60,660	139,509	10,075	1,471	7,918	4,167	325,502
Utilities	2,826	29,918	5,380	134,227	894	130	703	370	174,448
Maintenance of facilities	9,408	87,712	17,914	338,581	2,975	434	2,338	1,231	460,593
Offsite storage and document destruction	0	0	0	0	0	0	0	0	0
Multi-peril insurance	17,445	33,416	13,457	81,281	2,247	309	0	900	149,055
Service contracts	(5,673)	(5,471)	(10,803)	34,616	(1,794)	(262)	(1,410)	(742)	8,461
Purchased equipment	10,823	38,417	41,912	42,968	1,330	183	3,439	533	139,605
Interest expense	402	882	766	1,761	127	19	100	53	4,110
Printing and publications	3,238	10,533	10,871	24,568	1,202	453	669	714	52,248
Travel	35,468	105,610	98,651	158,828	2,032	0	3,509	328	404,426
Conferences and training	9,073	49,705	25,578	133,085	0	0	3,815	97	221,353
Special assistance	513,652	12,916	40,773	7,452	1,707,716	258,205	0	0	2,540,714
Professional dues	2,493	2,154	2,087	9,798	280	0	100	0	16,912
Miscellaneous	20,575	71,637	41,859	44,859	1,631	793	510	(151,313)	30,551
Recruitment expense	0	3	0	5,974	0	0	0	0	5,977
Vehicle expense	647	1,419	1,233	2,835	205	30	161	85	6,615
Bad debt expense	0	0	0	0	0	0	0	0	0
Bank fees	197	220	231	91,542	29	4	23	12	92,258
Special event expense	0	0	0	0	0	0	0	0	0
Taxes	3	6	5	21,046	0	0	1	0	21,061
Depreciation	14,461	31,705	27,535	63,327	4,574	667	3,594	1,892	147,755
TOTAL EXPENSES	\$ 1,986,890	\$ 6,990,455	\$ 3,391,063	\$ 11,482,968	\$ 2,110,337	\$ 303,720	\$ 375,289	\$ 8,399	\$ 26,649,121

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (cont'd)

CHILDREN & FAMILIES FIRST
DELAWARE INC.

FOR THE YEAR ENDED DECEMBER 31, 2022

	Supporting Services			Total
	Management & General	Fundraising Costs	Total Supporting Services	
EXPENSES				
Salaries	\$ 1,479,538	\$ 185,690	\$ 1,665,228	\$ 16,300,043
Employee benefits expense	251,125	39,088	290,213	3,405,418
Payroll taxes	156,207	16,044	172,251	1,466,535
Total Salaries and Related Expenses	1,886,870	240,822	2,127,692	21,171,996
Professional fees	380,373	22,408	402,781	1,511,227
Supplies	134,735	1,052	135,787	1,277,074
Telephone	180,850	5,733	186,583	729,351
Postage	3,416	634	4,050	14,722
Rent	121,121	8,006	129,127	454,629
Utilities	18,958	710	19,668	194,116
Maintenance of facilities	70,279	2,364	72,643	533,236
Offsite storage and document destruction	2,367	0	2,367	2,367
Multi-peril insurance	59,264	1,730	60,994	210,049
Service contracts	(10,395)	(1,426)	(11,821)	(3,360)
Purchased equipment	178,744	3,602	182,346	321,951
Interest expense	5,030	101	5,131	9,241
Printing and publications	100,068	4,407	104,475	156,723
Travel	69,440	6,534	75,974	480,400
Conferences and training	86,904	483	87,387	308,740
Special assistance	2,581	26	2,607	2,543,321
Professional dues	33,099	595	33,694	50,606
Miscellaneous	28,029	1,292	29,321	59,872
Recruitment expense	12,732	65	12,797	18,774
Vehicle expense	2,462	163	2,625	9,240
Bad debt expense	15,548	0	15,548	15,548
Bank fees	40,567	2,774	43,341	135,599
Special event expense	0	0	0	0
Taxes	1,406	1	1,407	22,468
Depreciation	129,586	3,634	133,220	280,975
TOTAL EXPENSES	\$ 3,554,034	\$ 305,710	\$ 3,859,744	\$ 30,508,865

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

CHILDREN & FAMILIES FIRST
DELAWARE INC.

FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services								Total Program Services
	Positive Parenting	Supporting Teens	Healthy Babies	Family Resources	Early Childhood	Workplace Supports	Grief Counseling	Program Quality & Helpline	
EXPENSES									
Salaries	\$ 848,029	\$ 4,645,011	\$ 1,843,800	\$ 6,145,363	\$ 517,105	\$ 27,072	\$ 234,223	\$ 109,331	\$ 14,369,934
Employee benefits expense	163,292	922,498	392,904	925,715	108,426	5,240	34,641	26,069	2,578,785
Payroll taxes	73,519	392,308	156,405	529,504	45,361	2,318	20,299	8,626	1,228,340
Total Salaries and Related Expenses	1,084,840	5,959,817	2,393,109	7,600,582	670,892	34,630	289,163	144,026	18,177,059
Professional fees	58,487	124,152	572,917	1,368,016	18,275	1,106	9,582	7,510	2,160,045
Supplies	34,790	132,876	56,146	1,010,655	9,616	311	3,157	48	1,247,599
Telephone	49,977	120,171	47,260	308,749	8,193	6,196	4,320	2,055	546,921
Postage	1,092	3,730	1,806	2,697	308	30	61	89	9,813
Rent	21,980	45,580	40,360	81,545	14,700	988	5,653	2,806	213,612
Utilities	3,940	31,577	7,236	120,714	2,635	177	1,013	503	167,795
Maintenance of facilities	10,243	105,407	18,808	391,307	6,850	460	2,634	1,308	537,017
Offsite storage and document destruction	966	2,004	1,774	3,585	646	43	249	123	9,390
Multi-peril insurance	16,647	31,428	12,589	63,625	4,634	293	104	850	130,170
Service contracts	0	4,042	0	42,350	0	0	0	0	46,392
Purchased equipment	23,966	35,327	9,020	451,882	7,267	672	876	4,437	533,447
Interest expense	940	1,950	1,727	3,489	629	42	242	120	9,139
Printing and publications	7,851	14,977	11,452	84,871	3,260	555	1,550	1,819	126,335
Travel	30,106	88,249	65,643	153,454	1,789	1	864	34	340,140
Conferences and training	2,250	20,570	48,446	89,922	500	0	2,495	0	164,183
Special assistance	381,584	31,733	83,239	41,859	1,270,673	536,592	0	0	2,345,680
Professional dues	0	902	595	1,307	0	0	0	0	2,804
Miscellaneous	23,399	59,837	14,706	11,665	30,337	1,018	297	(128,621)	12,638
Recruitment expense	250	0	0	112,355	0	0	0	0	112,605
Bad debt expense	0	0	0	0	0	0	0	0	0
Bank fees	111	34	0	4	41	0	0	0	190
Special event expense	116	241	213	431	78	5	30	15	1,129
Taxes	116	0	0	14,227	0	0	0	0	14,343
Depreciation	21,458	44,499	39,402	79,610	14,351	964	5,519	2,739	208,542
TOTAL EXPENSES	\$ 1,775,109	\$ 6,859,103	\$ 3,426,448	\$ 12,038,901	\$ 2,065,674	\$ 584,083	\$ 327,809	\$ 39,861	\$ 27,116,988

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (cont'd)

CHILDREN & FAMILIES FIRST
DELAWARE INC.

FOR THE YEAR ENDED DECEMBER 31, 2021

	Supporting Services			Total
	Management & General	Fundraising Costs	Total Supporting Services	
EXPENSES				
Salaries	\$ 1,073,088	\$ 163,153	\$ 1,236,241	\$ 15,606,175
Employee benefits expense	280,761	37,947	318,708	2,897,493
Payroll taxes	121,253	13,646	134,899	1,363,239
Total Salaries and Related Expenses	1,475,102	214,746	1,689,848	19,866,907
Professional fees	302,802	18,057	320,859	2,480,904
Supplies	195,947	957	196,904	1,444,503
Telephone	212,291	3,657	215,948	762,869
Postage	1,764	459	2,223	12,036
Rent	43,714	5,391	49,105	262,717
Utilities	8,135	967	9,102	176,897
Maintenance of facilities	27,543	2,512	30,055	567,072
Offsite storage and document destruction	3,249	237	3,486	12,876
Multi-peril insurance	59,055	1,635	60,690	190,860
Service contracts	(950)	0	(950)	45,442
Purchased equipment	126,405	4,706	131,111	664,558
Interest expense	1,870	231	2,101	11,240
Printing and publications	82,986	7,330	90,316	216,651
Travel	45,543	839	46,382	386,522
Conferences and training	15,975	120	16,095	180,278
Special assistance	(1,537)	0	(1,537)	2,344,143
Professional dues	44,311	1,640	45,951	48,755
Miscellaneous	256,428	5,704	262,132	274,770
Recruitment expense	18,460	0	18,460	131,065
Bad debt expense	211,111	0	211,111	211,111
Bank fees	45,392	167	45,559	45,749
Special event expense	231	29	260	1,389
Taxes	2,209	0	2,209	16,552
Depreciation	106,773	5,263	112,036	320,578
TOTAL EXPENSES	\$ 3,284,809	\$ 274,647	\$ 3,559,456	\$ 30,676,444

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

**CHILDREN & FAMILIES FIRST
DELAWARE INC.**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants and public support	\$ 29,969,380	\$ 28,622,839
Cash received from other revenue	593,093	458,148
Cash paid to employees and vendors	<u>(30,230,458)</u>	<u>(30,174,502)</u>
Net cash from (used by) operating activities	<u>332,015</u>	<u>(1,093,515)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment	(456,039)	(137,838)
Proceeds from sale of assets	555,011	0
Sales of investments	362,462	273,516
Purchases of investments	<u>(400,899)</u>	<u>(337,629)</u>
Net cash from (used by) investing activities	<u>60,535</u>	<u>(201,951)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	5,308,956	0
Payments on line of credit	(5,308,956)	0
Repayment of debt	0	(2,207)
Curtailments of finance lease liability	<u>(75,224)</u>	<u>(79,588)</u>
Net cash used by financing activities	<u>(75,224)</u>	<u>(81,795)</u>
NET CHANGE IN CASH	<u>317,326</u>	<u>(1,377,261)</u>
CASH		
Beginning of year	<u>977,851</u>	<u>2,355,112</u>
End of year	<u>\$ 1,295,177</u>	<u>\$ 977,851</u>
SUPPLEMENTAL DISCLOSURES:		
Interest paid	<u>\$ 9,239</u>	<u>\$ 11,949</u>
Taxes paid	<u>\$ 0</u>	<u>\$ 0</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Head Start land and building in-kind contribution	<u>\$ 1,210,000</u>	<u>\$ 2,423,000</u>
Mortgage sold as part of Supporting KIDDS disposal	<u>\$ 0</u>	<u>\$ 46,747</u>

See accompanying notes to consolidated 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., and Children & Families First Endowments Inc. ("CFFE"). In the prior year, the consolidated financial statements included Supporting K.I.D.D.S, Inc. until February 1, 2021. 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. assets and liabilities were transferred to a non-related third party on February 1, 2021; the transfer is reflected on the statement of activities as a non-operating transfer (out).

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

Financial statement presentation

The consolidated 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 consolidated 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 consolidated 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

Grants and accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and knowledge of circumstances that may affect the ability of clients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

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

The allowance for doubtful accounts for pledges, grants and accounts receivable was \$246,191 and \$211,111 at December 31, 2022 and 2021.

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 consolidated 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 consolidated 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 groups 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.

(cont'd)

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

Fair value measurements (cont'd)

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.

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

(cont'd)

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.

Contributed nonfinancial assets

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair market value at their date of donation. The Organization reports the donations in the net assets without donor restrictions category, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported in the net assets with donor restrictions category. Per FASB ASU 2016-14 and absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The Organization received significant donated property in 2022 and 2021 as part of the administration of the Head Start Program. Donated land and buildings for Head Start totaled \$1,210,000 and \$ 2,423,000 respectively and are included in property and equipment on the consolidated statement of financial position and in-kind contributions on the consolidated statement of activities.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. No such amounts were received during 2022 or 2021.

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.

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

Income taxes (cont'd)

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 2019, 2020, and 2021 are subject to examination by the IRS, generally for three years after they were filed.

Availability and liquidity

The following represents the Organization's financial assets at December 31, 2022 and 2021:

Financial assets at year end:	2022	2021
Cash and cash equivalents	\$ 1,295,172	\$ 977,851
Grant and accounts receivable, net	3,671,883	2,312,058
Investments	<u>3,610,619</u>	<u>4,207,868</u>
Total financial assets	8,557,674	7,497,777
Less amounts not available to be used within one year:		
Net assets with donor restrictions	1,338,988	1,274,724
Quasi endowment established by the Board	<u>2,472,068</u>	<u>3,001,683</u>
	<u>3,811,056</u>	<u>4,276,407</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,746,618</u>	<u>\$ 3,221,370</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 1 Summary of Organization activities and significant accounting policies (cont'd)

Leases

The Organization is a lessee in multiple noncancelable operating and financing leases. If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. ROU assets are also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

Lease liabilities are initially and subsequently recognized based on the present value of their future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

ROU assets for operating leases are subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

ROU assets for finance leases are amortized on a straight-line basis over the lease term. Operating leases with fluctuating lease payments: for operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The risk-free rate option has been applied to the operating lease class of assets.

Right-of-use assets and liabilities as of December 31, 2022 are presented as separate line items on the Organization's statements of financial position.

Accounting pronouncements adopted

Effective January 1, 2022, the Organization adopted the provisions of FASB ASC Topic 842 (ASU 2016-02), Leases. ASC 842 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases, except for those with a lease term of twelve months or less. Leases are classified as either finance leases or operating leases. The Organization elected to apply the modified-retrospective transition approach by recording the impact in the year of adoption, without adjusting the comparative period.

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

Accounting pronouncements adopted (cont'd)

Accordingly the Organization has recognized the right-of-use assets and lease liabilities measured under FASB ASC 842 in its statement of financial position, and the related cumulative effect on earnings as an adjustment to net assets, as of the adoption date. The adoption of FASB ASC 842 had no material effect on beginning net assets without donor restrictions for the year ended December 31, 2022. The comparative period ending December 31, 2021 is presented under the provisions of FASB ASC 840.

Leases (Topic 842) Discount Rate for Lessees That Are Not Public Business Entities (ASU-2021-09) – Topic 842 currently provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The amendments in this Update allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. Entities that have not yet adopted Topic 842 as of November 11, 2021, are required to adopt the amendments in this Update at the same time that they adopt Topic 842. The Organization has adopted the provisions of FASB ASC 842 as of January 1, 2022 and has elected to use the risk-free rate for its operating lease class of assets.

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 consolidated 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.

(cont'd)

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, 2022 and 2021:

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, 2022	Total	Level 1	Level 2	Level 3
Money market funds	\$ 112,652	\$ 112,652	\$ 0	\$ 0
Equity securities	1,866,976	1,866,976	0	0
Fixed income	1,327,169	1,327,169	0	0
Alternate investments	303,822	303,822	0	0
Beneficial interest in perpetual trust	4,060,143	0	0	4,060,143
	<u>\$ 7,670,762</u>	<u>\$ 3,610,619</u>	<u>\$ 0</u>	<u>\$ 4,060,143</u>
December 31, 2021	Total	Level 1	Level 2	Level 3
Money market funds	\$ 133,362	\$ 133,362	\$ 0	\$ 0
Equity securities	2,251,644	2,251,644	0	0
Fixed income	1,488,721	1,488,721	0	0
Alternate investments	334,141	334,141	0	0
Beneficial interest in perpetual trust	5,096,656	0	0	5,096,656
	<u>\$ 9,304,524</u>	<u>\$ 4,207,868</u>	<u>\$ 0</u>	<u>\$ 5,096,656</u>

(cont'd)

Note 4 Investments (cont'd)

Beneficial interest in perpetual trust (cont'd)

January 1, 2022	\$ 5,096,656	January 1, 2021	\$ 4,699,683
Loss on investment	<u>(1,036,513)</u>	Gain on investment	<u>396,973</u>
December 31, 2022	<u>\$ 4,060,143</u>	December 31, 2021	<u>\$ 5,096,656</u>

Note 5 Endowment funds

The Organization's endowment consists of both contributions from donors for the creation of a permanent endowment for general purpose 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 as 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 2022 and 2021, 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

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 2022 and 2021 totaled \$ 12,483 and \$ 35,860, respectively, and are included in net assets without donor restrictions.

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, 2022 and 2021, the estimated fair value of the trust assets was:

December 31,	2022		2021	
	<u>Amount</u>	<u>% owned</u>	<u>Amount</u>	<u>% owned</u>
Bertha Harlan Trust	\$ 53,015	33	\$ 67,900	33
Alice Warner Trust	142,197	14	187,660	14
H. Fletcher Brown Trust	<u>3,864,931</u>	100	<u>4,841,096</u>	100
Total fair value of beneficial interest	<u>\$ 4,060,143</u>		<u>\$ 5,096,656</u>	

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, 2022 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	\$ 3,001,683	\$ 5,720,479	\$ 8,722,162
Investment income	91,394	0	91,394
Net appreciation (depreciation)	(548,685)	(1,036,513)	(1,585,198)
Appropriated for expense	(19,628)	0	(19,628)
Transfers	<u>(52,696)</u>	<u>0</u>	<u>(52,696)</u>
Endowment net assets, End of year	<u>\$ 2,472,068</u>	<u>\$ 4,683,966</u>	<u>\$ 7,156,034</u>

Endowment net asset composition by type of fund as of December 31, 2021 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	\$ 2,541,777	\$ 5,323,506	\$ 7,865,283
Investment income	72,653	0	72,653
Net depreciation	320,976	396,973	717,949
Appropriated for expense	(21,540)	0	(21,540)
Transfers	<u>87,817</u>	<u>0</u>	<u>87,817</u>
Endowment net assets, End of year	<u>\$ 3,001,683</u>	<u>\$ 5,720,479</u>	<u>\$ 8,722,162</u>

Note 6 Line of credit

The Organization has a \$ 2,000,000 secured demand line of credit with PNC Bank at December 31, 2022 and 2021. Interest was at the prime rate, 7.50% and 3.25% at December 31, 2022 and December 31, 2021, respectively. Advances and repayments on the line of credit were \$ 5,308,956 and \$ 5,308,956, respectively, for the year ended December 31, 2022. There were no advances or repayments on the line of credit for the year ended December 31, 2021. The line of credit was secured by a lien on all business assets. Interest expense for the years ended December 31, 2022 and 2021 was \$ 3,040 and \$ 0, respectively.

Note 7 Net assets with donor restrictions

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2022 and 2021:

	2022	2021
Program expenses	\$ 1,338,986	\$ 1,274,724
Beneficial interest in perpetual trusts	<u>4,060,143</u>	<u>5,096,656</u>
Total	<u>\$ 5,399,129</u>	<u>\$ 6,371,380</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 \$ 65,765 and \$ 280,960 for the years ended December 31, 2022 and 2021, respectively.

Note 8 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.

Note 8 Pension plan (cont'd)

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 \$ 346,919 and \$ 495,482 in 2022 and 2021, respectively. Following is a summary of plan information provided by the consulting actuary:

	2022	2021
Change in projected benefit obligation		
Projected benefit obligation, beginning of year	\$ 3,009,066	\$ 3,195,811
Interest cost	79,622	73,491
Benefits paid	(167,266)	(168,184)
Actuarial gain (loss)	<u>(639,087)</u>	<u>(92,052)</u>
Projected benefit obligation, end of year	<u>2,282,335</u>	<u>3,009,066</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	2,915,471	2,606,734
Employer contributions	168,060	168,060
Benefits paid	(167,266)	(168,184)
Administrative expenses	0	0
Actual return on plan assets	<u>(380,606)</u>	<u>308,861</u>
Fair value of plan assets, end of year	<u>2,535,659</u>	<u>2,915,471</u>
Funded status – net pension (asset) / liability	<u>\$ (253,324)</u>	<u>\$ 93,595</u>
Accumulated benefit obligation	<u>\$ 2,282,335</u>	<u>\$ 3,009,066</u>
Components of net periodic benefit cost and other amounts recognized in net assets without donor restrictions:		
Interest cost	\$ 79,622	\$ 73,491
Return on plan assets	(175,422)	(183,178)
Settlement loss	0	0
Amortization of net loss	<u>104,916</u>	<u>155,579</u>
Total net periodic pension cost	<u>\$ 9,116</u>	<u>\$ 45,892</u>
Amounts previously recognized in net assets without donor restrictions not yet recognized as periodic pension cost at December 31	<u>\$ 847,342</u>	<u>\$ 1,035,317</u>
Benefits paid	<u>\$ 167,266</u>	<u>\$ 168,164</u>

Note 8 Pension plan (cont'd)

Weighted-average assumptions for year:	2022	2021
Discount rate	2.72 %	2.36 %
Rate of compensation increases	0.00 %	0.00 %
Expected long-term rate of return on plan assets	6.00 %	7.00 %
Weighted-average assumptions at end of year:		
Discount rate	5.19 %	2.72 %
Rate of compensation increases	0.00 %	0.00 %
Expected long-term rate of return on plan assets	6.00 %	6.00 %
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, \$ 98,963 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, 2022, plan assets were invested in cash and cash equivalents, alternative investments, fixed income and stocks and comprised of approximately 6% cash and cash equivalents (Level 1), 59% equities (Level 1), 28% fixed income and 7% alternative investments (Level 1). The Organization's target allocation was 55% equity securities, 32% fixed income securities, 12% alternative investments, and 1% cash and cash equivalents. There were holdings in two individual investments that were in excess of five percent of plan assets as of December 31, 2022.

At December 31, 2021, plan assets were invested in cash and cash equivalents, alternative investments, fixed income and stocks and comprised of approximately 5% cash and cash equivalents (Level 1), 61% equities (Level 1), 27% fixed income and 7% alternative investments (Level 1). The Organization's target allocation was 55% equity securities, 32% fixed income securities, 12% alternative investments, and 1% cash and cash equivalents. There were holdings in four individual investments that were in excess of five percent of plan assets as of December 31, 2021.

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.

(cont'd)

Note 8 Pension plan (cont'd)

The table below presents the balances of pension assets measured at fair value on a recurring basis, as of December 31, 2022 and 2021:

December 31, 2022	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 142,887	\$ 142,887	\$ 0	\$ 0
Equities	1,546,168	1,546,168	0	0
Fixed income	746,812	746,812	0	0
Alternative investments	99,792	99,792		
TOTAL	\$ 2,535,659	\$ 2,535,659	\$ 0	\$ 0
December 31, 2021	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 155,564	\$ 155,564	\$ 0	\$ 0
Equities	1,770,612	1,770,612	0	0
Fixed Income	773,448	773,448	0	0
Alternative investments	215,847	215,847		
TOTAL	\$ 2,915,471	\$ 2,915,471	\$ 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.

(cont'd)

Note 8 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 \$ 0 to the pension plan in 2022. No plan assets are expected to be returned to the Organization during 2022.

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

2023	\$ 159,000
2024	163,000
2025	164,000
2026	169,000
2027	<u>173,000</u>
 Total	 <u>\$ 828,000</u>

Note 9 Defined contribution plan

The Organization has a defined contribution plan covering all full-time employees. Employees who have one year 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, 2022 and 2021 were \$ 265,553 and \$ 191,107, respectively.

(cont'd)

Note 10 Leases

The Organization has obligations as a lessee for office space and office equipment. The Organization classified these leases as operating leases. The Organization also leases vehicles under long-term non-cancelable finance lease arrangements. The office lease provides for an options to renew the lease. Because the Organization is not reasonably certain to exercise these renewal options, the optional period is not included in determining the leases term, and associated payments under the renewal options are excluded from leases payments. The Organization's leases do not include termination options for either party to the lease or restrictive financial or other covenants. Payments under the lease contracts includes fixed payments plus, for the equipment lease, variable payments. The office equipment lease has charges for usage. These variable payments are not included in lease payments used to determine lease liability and are recognized as variable costs when incurred.

The leases expire at various dates through 2025. For the year ended December 31, 2022, the Organization adopted the provisions of ASC 842 (Note 1). As a result of the adoption of ASC 842 on January 1, 2022, the Organization recorded ROU assets and lease liabilities of \$ 815,265. The adoption of ASC 842 had no material impact on net assets. Total rent expense for the year prior to the adoption of ASC 842 (year ended December 31, 2021) for its non-cancelable operating leases was \$ 8,038.

Lease cost

The components of lease cost for the year ended December 31, 2022 are as follows:

Operating lease cost:	
Fixed lease expense	\$ <u>171,317</u>
Total operating lease cost	\$ <u>171,317</u>
Finance lease cost:	
Interest expense	\$ 2,983
Amortization of ROU assets	63,973
Total finance lease cost	\$ <u>66,956</u>

Weighted-average information

Weighted-average remaining lease term in years:

Operating leases	4.09
Finance leases	1.83

Weighted-average discount rate:

Operating leases	1.54%
Finance leases	3.25%

(cont'd)

Note 10 Leases (cont'd)

Future minimum lease payments

Future minimum annual payments under long-term leases as of December 31, 2022 are as follows:

2023	\$	202,710
2024		187,895
2025		167,739
2026		165,932
2027		<u>27,790</u>
Total lease payments		752,066
Less interest		<u>(25,087)</u>
Present value of lease liabilities	\$	<u>726,979</u>

The Organization has recorded an operating lease ROU asset in the amount of \$654,812, operating lease liability in the amount of \$687,814, and financing lease ROU asset of \$33,927 and financing lease ROU liability of \$39,165 on the consolidated statement of financial position as of December 31, 2022.

Note 11 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. A second renewal term was exercised for a two year renewal that expires August 31, 2023. For the years ended December 31, 2022 and 2021, the Organization received income from this lease of \$ 30,388 and \$ 30,389, respectively.

Note 12 Advertising expenses

The Organization expenses the production costs of advertising when incurred. Advertising expense totaled \$ 80,221 and \$ 84,671 during the years ended December 31, 2022 and 2021, respectively.

Note 13 Concentration of credit risk

The financial instrument which potentially subjects the Organization to significant concentrations of credit risk is cash, accounts receivable and investments.

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. Accounts receivable represent unsecured revenue and is periodically reviewed by management. An allowance for doubtful accounts has been established. Investments are managed by professional advisors subject to the YMCADe's investment policy. The degree and concentration of credit risk vary by the type of investment.

(cont'd)

Note 14 Subsequent events

The date to which events occurring after December 31, 2022, the date of the most recent consolidated statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosures is September 25, 2023 which is the date on which the financial statements were available to be issued.

Note 15 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, 2022 and 2021.

As of December 31, 2022 and 2021, DCF held the following balances designated for DCF:

	2022	2021
	\$ 22,494	\$ 26,206

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

SUPPLEMENTARY INFORMATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

CHILDREN & FAMILIES FIRST
DELAWARE INC.

DECEMBER 31, 2022

	Children & Families First Delaware Inc.	Children & Families First Endowment Inc.	B2W2 Inc.	Elimination Entries	Consolidated Balances
CURRENT ASSETS					
Cash and equivalents	\$ 692,706	\$ 0	\$ 602,471	\$ 0	\$ 1,295,177
Accounts receivable	51,908	0	58,833	(58,833)	51,908
Grants receivable	3,619,975	0	0	0	3,619,975
Prepaid expenses	393,310	0	15,674		408,984
Total Current Assets	4,757,899	0	676,978	(58,833)	5,376,044
OTHER ASSETS					
Investments	310,096	3,095,891	204,632		3,610,619
Beneficial interest in perpetual trusts	4,060,143	0	0		4,060,143
	4,370,239	3,095,891	204,632	0	7,670,762
PENSION ASSET					
	253,324	0	0	0	253,324
PROPERTY AND EQUIPMENT					
Land and improvements	610,840	0	227,521		838,361
Building and improvements	3,084,390	0	4,444,367		7,528,757
Automobiles	220,963	0	199,381		420,344
Building equipment and furnishings	95,317	0	485,531		580,848
Office and MIS equipment	309,371	0	161,682		471,053
Construction in progress	172,411	0			172,411
	4,493,292	0	5,518,482	0	10,011,774
Accumulated depreciation	704,627	0	3,711,811		4,416,438
Property and equipment, net	3,788,665	0	1,806,671	0	5,595,336
Financing lease right-of-use assets	0	0	33,927		33,927
Operating lease right-of-use assets	0	0	654,812	0	654,812
	<u>\$ 13,170,127</u>	<u>\$ 3,095,891</u>	<u>\$ 3,377,020</u>	<u>\$ (58,833)</u>	<u>\$ 19,584,205</u>
CURRENT LIABILITIES					
Accounts payable	\$ 842,558	\$ 0	\$ 33,977	\$ (58,833)	\$ 817,702
Accrued expenses	171,409	0	0		171,409
Operating lease liability - current	0	0	163,068		163,068
Financing lease liability - current	0	0	28,004		28,004
Deferred revenue	2,093,852	0	0		2,093,852
Total Current Liabilities	3,107,819	0	225,049	(58,833)	3,274,035
LONG TERM LIABILITIES					
Operating lease liability	0	0	524,746		524,746
Financing lease liability	0	0	11,161		11,161
Total Long Term Liabilities	0	0	535,907	0	535,907
Total Liabilities	3,107,819	0	760,956	(58,833)	3,809,942
NET ASSETS					
Without donor restrictions					
Without donor restrictions - general use	5,287,002	0	2,616,064		7,903,066
Without donor restrictions - board designated endowment	0	2,472,068	0		2,472,068
Total without donor restrictions	5,287,002	2,472,068	2,616,064	0	10,375,134
With donor restrictions	4,775,306	623,823	0	0	5,399,129
Total Net Assets	10,062,308	3,095,891	2,616,064	0	15,774,263
Total Liabilities and Net Assets	<u>\$ 13,170,127</u>	<u>\$ 3,095,891</u>	<u>\$ 3,377,020</u>	<u>\$ (58,833)</u>	<u>\$ 19,584,205</u>

CONSOLIDATING SCHEDULES OF FINANCIAL POSITION

CHILDREN & FAMILIES FIRST
DELAWARE INC.

DECEMBER 31, 2021

	Children & Families First Delaware Inc.	Children & Families First Endowment Inc.	B2W2 Inc.	Elimination Entries	Consolidated Balances
CURRENT ASSETS					
Cash and equivalents	\$ 448,646	\$ 0	\$ 529,205	\$ 0	\$ 977,851
Accounts receivable	0	0	0	0	0
Grants receivable	2,312,058	0	0	0	2,312,058
Prepaid expenses	312,447	0	0	0	312,447
Total Current Assets	3,073,151	0	529,205	0	3,602,356
OTHER ASSETS					
Investments	349,426	3,625,506	232,936		4,207,868
Beneficial interest in perpetual trusts	5,096,656	0	0		5,096,656
	5,446,082	3,625,506	232,936	0	9,304,524
PROPERTY AND EQUIPMENT					
Land and improvements	500,000	0	375,130		875,130
Building and improvements	1,977,850	0	4,640,576		6,618,426
Automobiles	220,963	0	514,915		735,878
Building equipment and furnishings	95,317	0	792,774		888,091
Office and MIS equipment	309,371	0	161,682		471,053
	3,103,501	0	6,485,077	0	9,588,578
Accumulated depreciation	630,021	0	4,502,524		5,132,545
Property and equipment, net	2,473,480	0	1,982,553	0	4,456,033
ASSET HELD FOR SALE					
	0	0	0	0	0
	<u>\$ 10,992,713</u>	<u>\$ 3,625,506</u>	<u>\$ 2,744,694</u>	<u>\$ 0</u>	<u>\$ 17,362,913</u>
CURRENT LIABILITIES					
Accounts payable	\$ 662,471	\$ 0	\$ 4,348	\$ 0	\$ 666,819
Accrued expenses	261,325	0	0	0	261,325
Capital lease payable	0	0	71,940	0	71,940
Deferred revenue	786	0	0	0	786
Total Current Liabilities	924,582	0	76,288	0	1,000,870
LONG TERM LIABILITIES					
Pension liability	93,595	0	0		93,595
Capital lease payable	0	0	42,449		42,449
Mortgage and notes payable	0	0	0		0
Total Long Term Liabilities	93,595	0	42,449	0	136,044
Total Liabilities	1,018,177	0	118,737	0	1,136,914
NET ASSETS					
Without donor restrictions					
Without donor restrictions - general use	4,226,979	0	2,625,957		6,852,936
Without donor restrictions - board designated endowment	0	3,001,683	0		3,001,683
Total without donor restrictions	4,226,979	3,001,683	2,625,957	0	9,854,619
With donor restrictions	5,747,557	623,823	0		6,371,380
Total Net Assets	9,974,536	3,625,506	2,625,957	0	16,225,999
Total Liabilities and Net Assets	<u>\$ 10,992,713</u>	<u>\$ 3,625,506</u>	<u>\$ 2,744,694</u>	<u>\$ 0</u>	<u>\$ 17,362,913</u>

CONSOLIDATING SCHEDULE OF ACTIVITIES

CHILDREN & FAMILIES FIRST
DELAWARE INC.

FOR THE YEAR ENDED DECEMBER 31, 2022

	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		
PUBLIC SUPPORT AND REVENUE							
Public support:							
Received directly							
Contributions and bequests	\$ 345,069	\$ 130,027	\$ 0	\$ 0	\$ 0	\$ 0	\$ 475,096
In-kind contributions	1,210,000						1,210,000
Received indirectly							
Allocation by United Way of Delaware, Inc.	297,404	0	0	0	0	0	297,404
Fundraisers	109,553	0	0	0	0	0	109,553
Less: Direct expenses	(23,621)	0	0	0	0	0	(23,621)
Governmental agencies	26,694,534	0	0	0	0	0	26,694,534
Other grants	1,683,173	0	0	0	0	0	1,683,173
Other revenue:							
Fees for services - referrals	128,199	0	0	0	0	0	128,199
Programs service fees	493,959	0	0	0	0	(441,634)	52,325
Investment income	250,689	0	91,394	0	6,299	0	348,382
Rent income	0	0	0	0	585,614	(538,768)	46,846
Other	6,505	0	0	0	10,836	0	17,341
Total Public Support and Revenue Before Net Assets Released from Restrictions	31,195,464	130,027	91,394	0	602,749	(980,402)	31,039,232
NET ASSETS RELEASED FROM RESTRICTION	65,765	(65,765)	0	0	0	0	0
TOTAL PUBLIC SUPPORT AND REVENUE	31,261,229	64,262	91,394	0	602,749	(980,402)	31,039,232
EXPENSES							
Program services:							
Positive parenting	1,987,527	0	0	0	58,428	(59,065)	1,986,890
Supporting teens	6,994,421	0	0	0	128,101	(132,067)	6,990,455
Healthy babies	3,457,848	0	0	0	111,255	(178,040)	3,391,063
Family resources	11,506,394	0	0	0	255,869	(279,295)	11,482,968
Early childhood	2,107,958	0	0	0	18,479	(16,100)	2,110,337
Workplace supports	303,601	0	0	0	2,697	(2,578)	303,720
Grief counseling	373,042	0	0	0	14,522	(12,275)	375,289
Program quality and helpline	9,791	0	0	0	7,643	(9,035)	8,399
Total Program Services	26,740,582	0	0	0	596,994	(688,455)	26,649,121
Support services:							
Management and general	3,587,466	0	19,628	0	222,146	(275,206)	3,554,034
Fundraising	307,766	0	0	0	14,685	(16,741)	305,710
Total Support Services	3,895,232	0	19,628	0	236,831	(291,947)	3,859,744
TOTAL EXPENSES	30,635,814	0	19,628	0	833,825	(980,402)	30,508,865
CHANGE IN NET ASSETS BEFORE NONOPERATING ACTIVITY	625,415	64,262	71,766	0	(231,076)	0	530,367
NONOPERATING ACTIVITY							
Periodic pension gain	346,919	0	0	0	0	0	346,919
Realized/unrealized gain on investments	(53,670)	0	(548,685)	0	(33,334)	0	(635,689)
Gain on beneficial interest in perpetual trusts	0	(1,036,513)	0	0	0	0	(1,036,513)
Gain (loss) on sale of assets	0	0	0	0	343,180	0	343,180
Transfers	141,359	0	(52,696)	0	(88,663)	0	0
Total Nonoperating Activities	434,608	(1,036,513)	(601,361)	0	221,183	0	(982,103)
CHANGE IN NET ASSETS	1,060,023	(972,251)	(529,615)	0	(9,893)	0	(451,736)
NET ASSETS							
Beginning of year	4,226,979	5,747,557	3,001,683	623,823	2,625,957	0	16,225,999
Transfers out	0	0	0	0	0	0	0
End of year	<u>\$ 5,287,002</u>	<u>4,775,306</u>	<u>\$ 2,472,068</u>	<u>\$ 623,823</u>	<u>\$ 2,616,064</u>	<u>\$ 0</u>	<u>\$ 15,774,263</u>

CONSOLIDATING SCHEDULES OF ACTIVITIES

CHILDREN & FAMILIES FIRST DELAWARE INC.

FOR THE YEAR ENDED DECEMBER 31, 2021

	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		
PUBLIC SUPPORT AND REVENUE							
Public support:							
Received directly							
Contributions and bequests	\$ 238,365	\$ 46,466	\$ 0	\$ 0	\$ 0	\$ 0	\$ 284,831
In-kind contributions	2,423,000						2,423,000
Received indirectly							
Allocation by United Way of Delaware, Inc.	256,517	0	0	0	0	0	256,517
Fundraisers	0	0	0	0	0	0	0
Less: Direct expenses	(2,255)	0	0	0	0	0	(2,255)
Governmental agencies	27,136,488	0	0	0	0	0	27,136,488
Other grants	1,574,789	0	0	0	0	0	1,574,789
Other revenue:							
Fees for services - referrals	148,602	0	0	0	0	0	148,602
Programs service fees	234,302	0	0	0	0	(158,076)	76,226
Investment income	51,152	0	72,653	0	5,397	0	129,202
Rent income	0	0	0	0	609,323	(578,934)	30,389
Other	85,457	0	0	0	28,380	(40,108)	73,729
Total Public Support and Revenue							
Before Net Assets Released from Restrictions	32,146,417	46,466	72,653	0	643,100	(777,118)	32,131,518
NET ASSETS RELEASED FROM RESTRICTION	280,960	(280,960)	0	0	0	0	0
TOTAL PUBLIC SUPPORT AND REVENUE	32,427,377	(234,494)	72,653	0	643,100	(777,118)	32,131,518
EXPENSES AND LOSSES:							
Program services:							
Positive parenting	1,773,795	0	0	0	54,930	(53,616)	1,775,109
Supporting teens	6,856,311	0	0	0	113,919	(111,127)	6,859,103
Healthy babies	3,453,141	0	0	0	100,872	(127,565)	3,426,448
Family resources	12,117,671	0	0	0	203,805	(282,575)	12,038,901
Early childhood	2,063,095	0	0	0	36,738	(34,159)	2,065,674
Workplace supports	583,964	0	0	0	2,468	(2,349)	584,083
Grief Counseling	327,036	0	0	0	14,129	(13,356)	327,809
Program quality and helpline	39,848	0	0	0	7,012	(6,999)	39,861
Total Program Services	27,214,861	0	0	0	533,873	(631,746)	27,116,988
Support services:							
Management and general	3,285,000	0	21,540	0	109,254	(130,985)	3,284,809
Fundraising	275,560	0	0	0	13,474	(14,387)	274,647
Total Support Services	3,560,560	0	21,540	0	122,728	(145,372)	3,559,456
TOTAL EXPENSES AND LOSSES	30,775,421	0	21,540	0	656,601	(777,118)	30,676,444
CHANGE IN NET ASSETS BEFORE NONOPERATING ACTIVITY	1,651,956	(234,494)	51,113	0	(13,501)	0	1,455,074
NONOPERATING ACTIVITY							
Periodic pension gain	495,482	0	0	0	0	0	495,482
Realized/unrealized gain (loss) on investments	8,749	0	320,976	0	(4,086)	0	325,639
Gain on beneficial interest in perpetual trusts	0	396,973	0	0	0	0	396,973
Transfers	588,814	0	87,817	0	(676,631)	0	0
Total Nonoperating Activities	1,093,045	396,973	408,793	0	(680,717)	0	1,218,094
CHANGE IN NET ASSETS	2,745,001	162,479	459,906	0	(694,218)	0	2,673,168
NET ASSETS							
Beginning of year	1,481,978	5,585,078	2,541,777	623,823	3,962,089	0	14,194,745
Transfers	0	0	0	0	(641,914)	0	(641,914)
End of year	\$ 4,226,979	\$ 5,747,557	\$ 3,001,683	\$ 623,823	\$ 2,625,957	\$ 0	\$ 16,225,999