Gunnip&company LLP
Certified Public Accountants and Consultants

CHILDREN & FAMILIES FIRST DELAWARE INC.
AND SUPPORTING ORGANIZATIONS

CONSOLIDATED FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025

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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), which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Children & Families First Delaware Inc. as of December 31, 2025, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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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.

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Certified Public Accountants and Consultants

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 shown on pages 27 and 28 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.

Gunnip & Company LLP

August 18, 2026
Wilmington, Delaware

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION | **CHILDREN & FAMILIES FIRST DELAWARE, INC.**

DECEMBER 31, 2025

ASSETS	
CURRENT ASSETS	
Cash and equivalents	$ 3,496,667
Short-term investments	623,567
Grants and accounts receivable	2,301,884
Prepaid expenses	144,980
Total Current Assets	6,567,098
PROPERTY, PLANT AND EQUIPMENT	
Land & improvements	295,521
Buildings	3,079,891
Building equipment and furnishings	665,909
Construction in progress - Seaford House	1,478,721
	5,520,042
Accumulated depreciation	2,450,151
Property and equipment, net	3,069,891
Assets Held for Head Start	3,361,134
RIGHT OF USE ASSETS	
Operating lease right of use assets	285,402
Financing lease right of use assets	93,433
	378,835
LONG-TERM INVESTMENTS	
Endowment investments	4,160,984
Beneficial interest in perpetual trust - Brown	4,851,510
Beneficial interest in perpetual trust - Warner	178,897
Beneficial interest in perpetual trust - Harlan	69,065
Total Long-term Investments	9,260,456
	$ 22,637,414
LIABILITIES	
CURRENT LIABILITIES	
Payroll liabilities	$ 6,638
Accounts payable	626,556
Accrued expenses	48,890
Operating lease liabilities - current	188,030
Financing lease liabilities - current	35,862
Deferred revenue	1,595,939
Total Current Liabilities	2,501,915
LONG TERM LIABILITIES	
Operating lease liabilities, net of current	121,169
Financing lease liabilities, net of current	65,162
	186,331
Total Liabilities	2,688,246
NET ASSETS	
NET ASSETS	
Without donor restrictions	14,219,398
With donor restrictions	5,729,770
Total Net Assets	19,949,168
Total Liabilities and Net Assets	$ 22,637,414

See accompanying notes to financial statements

FOR THE YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions	$ 177,758	$ 56,474	$ 234,232
Special events, net of direct expenses	95,084		95,084
United Way of Delaware - allocation and strategic focus	72,667		72,667
United Way of Delaware - designation	56,501		56,501
Grants-in-Aid	619,238		619,238
Governmental grants - Delaware	19,224,960		19,224,960
Governmental grants - Federal	8,444,525		8,444,525
Non-government contracts	336,379		336,379
Corporate contracts	148,662		148,662
Revenue for providers	1,078,039		1,078,039
Program service fees	9,890		9,890
Operating investment income	351,924		351,924
Miscellaneous income	76,713		76,713
Release from restrictions	210,000	(210,000)	0
Total Public Support and Revenue	30,902,340	(153,526)	30,748,814
EXPENSES			
Program services:			
Intervention services	5,804,516		5,804,516
School and community services	5,986,167		5,986,167
Prevention services	3,725,670		3,725,670
Childcare services	883,157		883,157
Head Start / ECAP	6,520,610		6,520,610
Child Nutrition	1,111,550		1,111,550
Total Program Services	24,031,670		24,031,670
Support services:			
Administration	3,560,399		3,560,399
Fundraising	267,962		267,962
Total Support Services	3,828,361		3,828,361
TOTAL EXPENSES	27,860,031		27,860,031
CHANGE IN NET ASSETS BEFORE NONOPERATING ACTIVITY	3,042,309	(153,526)	2,888,783
NONOPERATING ACTIVITY			
Realized/unrealized gain on investments	456,950		456,950
Gain on beneficial interest in perpetual trusts	0	453,595	453,595
Gain on sale of assets	1,660,010		1,660,010
Total Nonoperating Activities	2,116,960	453,595	2,570,555
CHANGE IN NET ASSETS	5,159,269	300,069	5,459,338
NET ASSETS			
Beginning of year	9,060,129	5,429,701	14,489,830
End of year	$ 14,219,398	$ 5,729,770	$ 19,949,168

See accompanying notes to financial statements

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2025

	Program Services							Supporting Services			
	Intervention Services	School and Community Services	Prevention Services	Childcare Services	Head Start/ ECAP	Childcare Nutrition	Total Program Services	Administration	Fundraising Costs	Total Supporting Services	Total
EXPENSES											
Salaries	$ 3,321,903	$ 3,848,328	$ 2,202,645	$ 399,486	$ 4,263,526	$ 114,305	$ 14,150,193	$ 1,714,558	$ 144,168	$ 1,858,726	$ 16,008,919
Employee benefits and taxes	1,214,007	1,310,237	849,665	133,882	1,142,129	34,162	4,684,082	528,316	66,481	594,797	5,278,879
Total Salaries and Related Expenses	4,535,910	5,158,565	3,052,310	533,368	5,405,655	148,467	18,834,275	2,242,874	210,649	2,453,523	21,287,798
Professional fees	59,059	67,128	181,726	7,197	231,994	1,964	549,068	335,366	18,760	354,126	903,194
Supplies and office expenses	101,559	199,405	55,684	24,017	169,396	114,856	664,917	12,834	1,499	14,333	679,250
Insurance	69,218	70,878	36,756	8,161	58,759	1,613	245,385	43,840	2,888	46,728	292,113
Communications	57,060	63,350	50,512	13,985	36,993	1,510	223,410	26,495	2,783	29,278	252,688
Occupancy	153,630	58,467	70,774	10,324	275,925	5,740	574,860	165,616	3,997	169,613	744,473
Information technology	131,940	129,120	94,323	21,765	101,293	2,761	481,202	232,891	4,992	237,883	719,085
Printing and publications	523	735	375	130	7,056	0	8,819	1,514	6,498	8,012	16,831
Travel and mileage - staff and other	43,448	21,350	74,882	9,122	25,670	3,082	177,554	11,619	1,843	13,462	191,016
Agency vehicle costs	95,749	2,830	22,171	0	76,115	32	196,897	32,630	0	32,630	229,527
Conferences and training	22,926	194,881	21,732	0	126,758	974	367,271	12,535	10,164	22,699	389,970
Client assistance	531,188	17,960	58,303	7,600	0	0	615,051	0	0	0	615,051
Payments and grants to providers	0	0	0	247,488	0	830,551	1,078,039	0	0	0	1,078,039
Professional dues and subscriptions	323	1,498	5,971	0	2,819	0	10,611	14,115	0	14,115	24,726
Depreciation	0	0	0	0	0	0	0	165,886	0	165,886	165,886
Miscellaneous administrative	1,285	0	0	0	2,038	0	3,323	2,724	23	2,747	6,070
Employee appreciation expense	417	0	151	0	139	0	707	1,447	0	1,447	2,154
Recruitment expense	0	0	0	0	0	0	0	18,677	0	18,677	18,677
Bank fees	281	0	0	0	0	0	281	24,179	3,866	28,045	28,326
Taxes, Interest and penalties	0	0	0	0	0	0	0	23,107	0	23,107	23,107
Facilities expense	0	0	0	0	0	0	0	192,050	0	192,050	192,050
TOTAL EXPENSES	$ 5,804,516	$ 5,986,167	$ 3,725,670	$ 883,157	$ 6,520,610	$ 1,111,550	$ 24,031,670	$ 3,560,399	$ 267,962	$ 3,828,361	$ 27,860,031

See accompanying notes to financial statements

FOR THE YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from grants and public support	$ 30,604,430
Cash received from other revenue	181,687
Investment income	351,924
Cash paid to employees and vendors	(27,799,719)
Net cash from operating activities	3,338,322
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisitions of property and equipment	(929,559)
Proceeds from sale of assets	1,828,164
Sales of investments	1,813,559
Purchases of investments	(1,828,359)
Net cash from investing activities	883,805
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on line of credit	(2,154,232)
Curtailments of finance lease liability	(59,819)
Net cash used by financing activities	(2,214,051)
NET CHANGE IN CASH	2,008,076
CASH AND EQUIVALENTS	
Beginning of year	1,488,591
End of year	$ 3,496,667
SUPPLEMENTAL DISCLOSURES:	
Interest paid	$ 21,013
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES	
Construction in progress included in accounts payable at year-end	$ 423,506

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 champion children and families using evidence-based, resilience-centered and innovative approaches. The Organization envisions healthy, vibrant and resilient communities where all children and families thrive. The Organization embraces brain science research that affirms responsive, nurturing is a key component to healthy childhood development and life-long potential. The Organization invests in proven strategies that put the needs of the families it serves first, empowering parents and caregivers with resources, supports and opportunities. The Organization believes in fulfilling our shared responsibility to respect families, bolster their strengths, and advance the well-being of children, so that they and our whole community thrives.

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").

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.

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.

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

Financial statement presentation (cont'd)

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, whereby 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 their estimated realizable value, less an allowance for credit losses. The Organization provides for probable credit losses through a provision for credit losses and an adjustment to the allowance for credit losses based on its assessment of the current status of individual accounts, their experience with 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. Charges to the results of operations for changes in estimates of the allowance for credit losses totaled $ 0 in 2025. The allowance for credit losses for grants and accounts receivable was $0 at December 31, 2025.

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

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.

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

Fair value measurements (cont'd)

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.

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.

Depreciation is allocated using rentable square feet.

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.

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 2025.

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

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 2022, 2023, and 2024 are subject to examination by the IRS, generally for three years after they were filed.

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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, 2025:

Financial assets at year end:	
Cash and cash equivalents	$ 3,496,667
Grants and accounts receivable, net	2,301,884
Investments	623,567
Total financial assets	6,422,118
Less amounts not available to be used within one year:	
Quasi endowment established by the Board	3,537,161
Net assets with donor restrictions	6,475
	3,543,636
Financial assets available to meet general expenditures over the next twelve months	$ 2,878,482

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.

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.

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

Leases (cont'd)

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.

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.

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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.

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	10 – 40 years
Building equipment and furnishings	5 – 20 years

Note 4 Investments

The following is a fair value summary of investments measured on a recurring basis at December 31, 2025:

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.

Note 4 Investments (cont'd)

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

December 31, 2025	Total	Level 1	Level 2	Level 3
Assets				
Money market funds	$ 116,694	$ 116,694	$ 0	$ 0
Equity securities	2,615,271	2,615,271	0	0
Fixed income	1,821,850	1,821,850	0	0
Alternative investments	230,736	230,736	0	0
Beneficial interest in perpetual trusts	5,099,472	0	0	5,099,472
Total assets at fair value	$ 9,884,023	$ 4,784,551	$ 0	$ 5,099,472

Beneficial interest in perpetual trust:

	2025
January 1	$ 4,645,877
Gain on investment	453,595
December 31	$ 5,099,472

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.

Note 5 Endowment funds (cont'd)

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 2025, net of investment management fees, was appropriately transferred into the without donor restrictions endowment fund based on the lack of donor restriction on use.

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.

Note 5 Endowment funds (cont'd)

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 income from these trusts. These distributions can be used in any way that is consistent with the Organization's exempt purpose. Distributions received during 2025 totaled $ 208,226 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, 2025, the estimated fair value of the trust assets was:

	2025	
	Amount	% owned
Bertha Harlan Trust	$ 69,065	33%
Alice Warner Trust	178,897	14%
H. Fletcher Brown Trust	4,851,510	100%
Total fair value of beneficial interest	$ 5,099,472	

Amounts received from the beneficial interest in perpetual trusts were:

	2025
Bertha Harlan Trust	$ 2,050
Alice Warner Trust	8,830
H. Fletcher Brown Trust	197,346
Total distributions received	$ 208,226

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, 2025 are as follows:

December 31, 2025	Without donor restrictions	With donor restrictions	Total Net Endowment Assets
Endowment net assets,			
Beginning of year	$ 3,082,008	$ 4,645,877	$ 7,727,885
Investment income	95,160		95,160
Net appreciation	434,193	453,595	887,788
Appropriated for expenses	0		0
Transfers	(74,200)		(74,200)
Endowment net assets,			
End of year	$ 3,537,161	$ 5,099,472	$ 8,636,633

Note 6 Line of credit

The Organization had a $ 4,000,000 secured demand line of credit with PNC Bank that was extended from November 1, 2025 until March 31, 2026. Interest was payable at the prime rate, which was 6.75% at December 31, 2025. The line of credit was secured by a lien on all business assets. Interest expense for the year ended December 31, 2025 was $ 21,013.

Note 7 Net assets with donor restrictions

Net assets with donor restrictions are restricted for the following purpose as of December 31, 2025:

	2025
Family Essentials and Enrichment Funds	$ 6,475

Net assets with donor restrictions are restricted to be invested in perpetuity as of December 31, 2025

	2025
CFF Endowment	$ 623,823
Beneficial interest in perpetual trusts	5,099,472
	$ 5,723,295

Note 8 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 18 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, 2025 was $ 297,694.

Note 9 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 option 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 include 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 2030.

Note 9 Leases (cont'd)

Lease cost

The components of lease cost for the years ended December 31, 2025 are as follows:

Operating lease cost		
Fixed lease expense	$	176,030
Total operating lease cost	$	176,030
Finance lease cost		
Interest expense	$	9,637
Amortization of ROU assets		40,022
Total finance lease cost	$	49,659

Weighted-average information

Weigthed-average remaining lease term in years:	
Operating leases	2.56
Finance leases	2.68
Weigthed-average discount rate:	
Operating leases	2.43%
Finance leases	6.85%

Future minimum lease payments

Future minimum annual payments under long-term leases as of December 31, 2025 are as follows:

Future minimum lease payments

2026	$	235,478
2027		97,336
2028		55,317
2029		27,916
2030		16,284
Total lease payments		432,331
Less interest		(22,108)
Present value of lease liabilities	$	410,223

Note 10 Advertising expense

The Organization expenses the production costs of advertising when incurred. Advertising expense totaled $ 2,180 during the year ended December 31, 2025.

Note 11 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 represents unsecured revenue and is periodically reviewed by management. Investments are managed by professional advisors subject to the Organization's investment policy. The degree and concentration of credit risk vary by the type of investment.

Note 12 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 year ended December 31, 2025.

As of December 31, 2025, DCF held $ 32,333 designated for CFF:

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

Note 13 Major Grant and Vendor

Of the $ 27,669,485 in Governmental Grants–Delaware and Governmental Grants-Federal earned for the year ended December 31, 2025, 23% or $ 6,335,209 was received from Head Start.

Of the $ 27,860,031 in expenses incurred during the year ended December 31, 2025, 12% or $ 3,391,256 was incurred from one vendor.

Note 14 Assets Held for Head Start

Effective September 30, 2025, the Organization relinquished the Head Start grant. As required by the grant, land, building and equipment are transferred to the new grantee of the program. As of December 31, 2025, title of the real property had not been transferred. As a result, the Organization ceased recognizing depreciation expense September 30th and reclassified land and buildings, net of accumulated depreciation, related to the Head Start program from Land & improvements and Building to Assets Held for Head Start. The amount recorded to Assets Held for Head Start of $3,361,134 reflects the transaction.

Note 15 Commitments and Contingencies

The Organization has executed a contract for the rehabilitation of the Seaford House Facility. The total contract amount is $ 2,369,104. As of December 31, 2025, the balance to finish, including retainage was $ 1,276,715. The Organization included $ 423,506 in accounts payable at December 31, 2025 related to this contract.

Note 16 Subsequent Events

The date to which events occurring after December 31, 2025, the date of the most recent consolidated statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosures is August 18, 2026 which is the date on which the financial statements were available to be issued.

Note 17 Reclassifications

The Organization reclassified the financial statement presentation as of and for the year ended December 31, 2025. This reclassification affected the comparability of its financial information from the prior year. As a result, the Organization has chosen to present a single-year presentation as of and for the year ended December 31, 2025.

SUPPLEMENTAL INFORMATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

CHILDREN & FAMILIES FIRST DELAWARE, INC.

DECEMBER 31, 2025

	Children & Families First Delaware Inc.	B2W2 Inc.	Children & Families First Endowment Inc.	Elimination Entries	Consolidated Balances
CURRENT ASSETS					
Cash and equivalents	$ 3,148,275	$ 348,392	$ 0	$ 0	$ 3,496,667
Short-term investments	390,879	232,688	0	0	623,567
Grants and accounts receivable	2,301,884	19,736	0	(19,736)	2,301,884
Prepaid expenses	144,980	0	0	0	144,980
Total Current Assets	5,986,018	600,816	0	(19,736)	6,567,098
PROPERTY, PLANT AND EQUIPMENT					
Land & improvements	0	295,521	0	0	295,521
Buildings	0	3,079,891	0	0	3,079,891
Building equipment and furnishings	544,663	121,246	0	0	665,909
Construction in progress - Seaford House	0	1,478,721	0	0	1,478,721
	544,663	4,975,379	0	0	5,520,042
Accumulated depreciation	272,147	2,178,004	0	0	2,450,151
Property and equipment, net	272,516	2,797,375	0	0	3,069,891
Assets Held for Head Start	3,361,134	0	0	0	3,361,134
RIGHT OF USE ASSETS					
Operating lease right of use assets	0	285,402	0	0	285,402
Financing lease right of use assets	0	93,433	0	0	93,433
	0	378,835	0	0	378,835
LONG TERM INVESTMENTS					
Endowment investments	0	0	4,160,984	0	4,160,984
Beneficial interest in perpetual trust - Brown	4,851,510	0	0	0	4,851,510
Beneficial interest in perpetual trust - Warner	178,897	0	0	0	178,897
Beneficial interest in perpetual trust - Harlan	69,065	0	0	0	69,065
	5,099,472	0	4,160,984	0	9,260,456
	$ 14,719,140	$ 3,777,026	$ 4,160,984	$ (19,736)	$ 22,637,414

	Children & Families First Delaware Inc.	B2W2 Inc.	Children & Families First Endowment Inc.	Elimination Entries	Consolidated Balances
CURRENT LIABILITIES					
Payroll liabilities	6,638	$ 0	$ 0	$ 0	$ 6,638
Accounts payable	211,155	435,137	0	(19,736)	626,556
Accrued expenses	48,890	0	0	0	48,890
Operating lease liabilities - current	0	188,030	0	0	188,030
Financing lease liabilities - current	0	35,862	0	0	35,862
Deferred revenue	1,595,939	0	0	0	1,595,939
Total Current Liabilities	1,862,622	659,029	0	(19,736)	2,501,915
LONG TERM LIABILITIES					
Operating lease liabilities, net of current	0	121,169	0	0	121,169
Financing lease liabilities, net of current	0	65,162	0	0	65,162
Total Long Term Liabilities	0	186,331	0	0	186,331
Total Liabilities	1,862,622	845,360	0	(19,736)	2,688,246
NET ASSETS					
Without donor restrictions					
Without donor restrictions - general use	7,750,571	2,931,666	0	0	10,682,237
Without donor restrictions - board designated endowment	0	0	3,537,161	0	3,537,161
Total without donor restrictions	7,750,571	2,931,666	3,537,161	0	14,219,398
With donor restrictions	5,105,947	0	623,823	0	5,729,770
Total Net Assets	12,856,518	2,931,666	4,160,984	0	19,949,168
Total Liabilities and Net Assets	$ 14,719,140	$ 3,777,026	$ 4,160,984	$ (19,736)	$ 22,637,414

CONSOLIDATING SCHEDULE OF ACTIVITIES

CHILDREN & FAMILIES FIRST DELAWARE, INC.

DECEMBER 31, 2025

	Children & Families First Delaware Inc.		Children & Families First Endowment Inc.		B2W2		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Elimination Entries	Consolidated Balances
PUBLIC SUPPORT AND REVENUE							
Contributions	$ 177,758	$ 56,474	$ 0	$ 0	$ 0	$ 0	$ 234,232
Special events, net of direct expenses	95,084	0	0	0	0	0	95,084
United Way of Delaware - allocation and strategic focus	72,667	0	0	0	0	0	72,667
United Way of Delaware - designation	56,501	0	0	0	0	0	56,501
Grants-in-Aid	619,238	0	0	0	0	0	619,238
Governmental grants - Delaware	19,224,960	0	0	0	0	0	19,224,960
Governmental grants - Federal	8,444,525	0	0	0	0	0	8,444,525
Non-government contracts	336,379	0	0	0	0	0	336,379
Corporate contracts	148,662	0	0	0	0	0	148,662
Revenue for providers	1,078,039	0	0	0	0	0	1,078,039
Program service fees	265,969	0	0	0	0	(256,079)	9,890
Operating investment income	247,996	0	95,160	0	8,768	0	351,924
Miscellaneous income	76,713	0	0	0	0	0	76,713
Rental income	0	0	0	0	298,654	(298,654)	0
Release from restrictions	210,000	(210,000)	0	0	0	0	0
Total Public Support and Revenue	31,054,491	(153,526)	95,160	0	307,422	(554,733)	30,748,814
EXPENSES							
Program services:							
Intervention services	5,866,147	0	0	0	0	(61,631)	5,804,516
School and community services	6,009,622	0	0	0	0	(23,455)	5,986,167
Prevention services	3,754,062	0	0	0	0	(28,392)	3,725,670
Childcare services	887,299	0	0	0	0	(4,142)	883,157
Head Start / ECAP	6,631,302	0	0	0	0	(110,692)	6,520,610
Child Nutrition	1,113,851	0	0	0	0	(2,301)	1,111,550
Total Program Services	24,262,283	0	0	0	0	(230,613)	24,031,670
Support services:							
Administration	3,434,786	0	0	0	448,129	(322,516)	3,560,399
Fundraising	269,566	0	0	0	0	(1,604)	267,962
Total Support Services	3,704,352	0	0	0	448,129	(324,120)	3,828,361
TOTAL EXPENSES	27,966,635	0	0	0	448,129	(554,733)	27,860,031
CHANGE IN NET ASSETS BEFORE NONOPERATING ACTIVITY	3,087,856	(153,526)	95,160	0	(140,707)	0	2,888,783
NONOPERATING ACTIVITY							
Realized/unrealized gain on investments	17,600	0	434,193	0	5,157	0	456,950
Gain on beneficial interest in perpetual trusts	0	453,595	0	0	0	0	453,595
Gain (loss) on sale of assets	(37,978)	0	0	0	1,697,988	0	1,660,010
Transfers	1,084,275	0	(74,200)	0	(1,010,075)	0	0
Total Nonoperating Activities	1,063,897	453,595	359,993	0	693,070	0	2,570,555
CHANGE IN NET ASSETS	4,151,753	300,069	455,153	0	552,363	0	5,459,338
NET ASSETS							
Beginning of year	3,598,818	4,805,878	3,082,008	623,823	2,379,303	0	14,489,830
End of year	$ 7,750,571	$ 5,105,947	$ 3,537,161	$ 623,823	$ 2,931,666	$ 0	$ 19,949,168