

Financial Statements

FAMILY FIRST, INC.

December 31, 2025

FAMILY FIRST, INC.

Financial Statements

December 31, 2025

(With Independent Auditor's Report Thereon)

FAMILY FIRST, INC.

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Independent Auditor's Report

The Board of Directors
Family First, Inc.:

Opinion

We have audited the accompanying financial statements of Family First, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family First, Inc. as of December 31, 2025, and the changes in its net assets and its 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 Family First, 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Family First, 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Family First, 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.

Other Matters

Our audit was performed for the purpose of forming an opinion on the financial statements of Family First, Inc. taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance, is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Section 215.97 of the Florida Statutes of the Florida Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 27, 2026 on our consideration of the Family First, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family First, Inc.'s internal control over financial reporting and compliance.

Schafer, Tschopp & Mitchell, LLP

March 27, 2026
Maitland, Florida

FAMILY FIRST, INC.

Statement of Financial Position

December 31, 2025

Assets

Current assets:

Cash and cash equivalents	\$ 12,876,432
Investments	7,883,956
Government grants receivable	1,347,801
Promises to give	48,650
Prepaid expenses	120,778
Product inventory	37,874

Total current assets 22,315,491

Property and equipment, net (note 4) 105,995

Right of use assets (note 5) 182,837

Total assets \$ 22,604,323

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 384,627
Accrued expenses	728,643
Deferred revenue	995,600
Lease liabilities, current portion (note 5)	124,042

Total current liabilities 2,232,912

Lease liabilities, net of current portion (note 5) 68,449

Total liabilities 2,301,361

Net assets without donor restrictions 20,302,962

Total liabilities and net assets \$ 22,604,323

See accompanying notes to financial statements.

FAMILY FIRST, INC.

Statement of Activities

Year ended December 31, 2025

Net assets without donor restrictions:

Public Support and Revenues:

Contributions	\$ 12,624,716
Government grants	10,290,213
Registration fees	280,428
License plate	198,878
Special events	779,095
Less direct benefit costs to donors	(328,008)
In-kind contributions (note 1)	1,069,458
Interest income	604,338
Change in fair value of investments	11,241
Other income	227,366
Total revenues	<u>25,757,725</u>

Expenses:

Program services	17,396,678
Supporting Services:	
Management and administrative expenses	1,493,555
Fundraising expenses	495,144
Total expenses	<u>19,385,377</u>

Change in net assets 6,372,348

Net assets at beginning of year 13,930,614

Net assets at end of year \$ 20,302,962

See accompanying notes to financial statements.

FAMILY FIRST, INC.

Statement of Functional Expenses

Year ended December 31, 2025

	<u>Program Services</u>		<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Fatherhood Program</u>	<u>Motherhood Program</u>				
Salaries and benefits	\$ 4,828,783	892,478	5,721,261	443,778	758,179	6,923,218
Advertising	6,160,358	199,017	6,359,375	-	-	6,359,375
Conference and meetings	84,288	4,741	89,029	747	85,726	175,502
Depreciation	51,607	531	52,138	263	8,056	60,457
Dues, books and subscriptions	-	9,683	9,683	5,095	342	15,120
Event facilities	141,816	-	141,816	-	285,499	427,315
In-kind media	677,343	392,115	1,069,458	-	-	1,069,458
Information technology	162,748	34,058	196,806	7,315	48,539	252,660
Insurance	12,032	2,367	14,399	1,175	2,225	17,799
Licenses and taxes	17,451	3,038	20,489	1,508	2,856	24,853
Occupancy	90,499	12,065	102,564	5,987	11,340	119,891
Office	132,974	13,618	146,592	6,002	46,789	199,383
Printing and signage	11,865	116	11,981	57	7,709	19,747
Cost of sales	30,357	-	30,357	-	-	30,357
Professional fees	2,778,489	282,749	3,061,238	19,576	96,422	3,177,236
Promotional and resource materials	121,894	235	122,129	-	23,308	145,437
Repairs and maintenance	26,902	1,320	28,222	655	1,241	30,118
Staff development	17,617	1,204	18,821	598	1,600	21,019
Travel	189,525	10,795	200,320	2,388	113,724	316,432
	<u>\$ 15,536,548</u>	<u>1,860,130</u>	<u>17,396,678</u>	<u>495,144</u>	<u>1,493,555</u>	<u>19,385,377</u>

See accompanying notes to financial statements.

FAMILY FIRST, INC.

Statement of Cash Flows

Year ended December 31, 2025

Cash flows from operating activities:	
Change in net assets	\$ 6,372,348
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	60,457
Net realized and unrealized gains on investments	(181,789)
Changes in assets and liabilities:	
Government grant receivables	(230,890)
Promises to give	(48,650)
Prepaid expenses	(66,440)
Product inventory	21,683
Right of use assets and liabilities	9,654
Accounts payable	(335,701)
Accrued liabilities	111,781
Deferred revenue	844,806
Net cash provided by operating activities	<u>6,557,259</u>
Cash flows from investing activities:	
Purchases of investments	<u>(3,510,495)</u>
Net cash provided investing activities	<u>(3,510,495)</u>
Net change in cash and cash equivalents	3,046,764
Cash and cash equivalents at beginning of year	<u>9,829,668</u>
Cash and cash equivalents at end of year	<u><u>\$ 12,876,432</u></u>

See accompanying notes to financial statements.

FAMILY FIRST, INC.

Notes to Financial Statements

December 31, 2025

(1) Summary of Significant Accounting Policies

(a) Organization and Purpose

Family First, Inc. (the Organization) is a Florida not-for-profit corporation on a mission to provide parenting, marriage and relational truth that helps people love their family well and give them greater hope for the future.

We fulfill our mission by focusing our efforts on two primary program service areas:

Fatherhood Program

All Pro Dad is our innovative fatherhood program helping men to be better dads. Our spokesmen, events, All Pro Dad chapters-based program, daily emails, and allprodad.com website inspire and equip fathers to be actively involved in their children's lives.

Motherhood Program

iMOM is our motherhood program designed to help mothers grow wise, healthy, purpose-minded, and relationally focused children. Our iMOM resources, daily emails, and iMom.com website give mothers the tools they need to connect with their children.

(b) Basis of Presentation

The accompanying financial statements are presented on the accrual basis and represent the financial position and results of operations of the Organization.

(c) Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

(d) Investments

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Investment income, including interest, dividends, realized gains and losses, and unrealized gains and losses, is recognized in the period earned and is included in the statement of activities. The Organization reports investment return net of investment management fees.

FAMILY FIRST, INC.

Notes to Financial Statements

December 31, 2025

(1) Summary of Significant Accounting Policies (Continued)

(e) Government Grants Receivable

Government grants receivable consist of amounts due from governmental agencies expected to be collected within one year. Government grants receivable are stated at the amount management expects to collect from outstanding balances. Management evaluates government grants receivable on an ongoing basis and establishes an allowance for doubtful accounts based on historical collection experience, the age of the receivables, and current economic conditions. Government grants receivable are written off when management determines that the receivable will not be collected. At December 31, 2025, management has determined that no allowance for doubtful accounts is necessary as the amounts are considered fully collectible.

(f) Promises to Give

Unconditional promises to give, less an allowance for uncollectible accounts, are recognized as revenues in the period received. Pledges are discounted, using a market discount rate, to present value for collections expected in future years. Accretion of the discount in subsequent years is also recorded as contribution revenue. Management evaluates outstanding promises to give for collectability and records an allowance for uncollectible promises when necessary, based on historical experience and current economic conditions. At December 31, 2025, all promises to give are expected to be collected within one year.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions, whose restrictions are met in the same reporting period, are reported as unrestricted support.

The Organization reports gifts of land, buildings and equipment as unrestricted support 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 are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. 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.

FAMILY FIRST, INC.

Notes to Financial Statements

December 31, 2025

(1) Summary of Significant Accounting Policies (Continued)

(g) Inventories

Inventories of apparel and other items are stated at the lower of cost (first-in, first-out) or market.

(h) Property and Equipment

The Organization records property and equipment acquisitions that cost over \$2,500 when purchased, or at the fair value at the date of gift when donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 7 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

(i) Right of Use Leased Assets and Liabilities

Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent the right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

(j) Net Assets

Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions---Net assets that are not subject to donor-imposed stipulations.

FAMILY FIRST, INC.

Notes to Financial Statements

December 31, 2025

(1) **Summary of Significant Accounting Policies (Continued)**

(j) **Net Assets (Continued)**

- Net assets with donor restrictions---Some donors impose restrictions that are temporary in nature, for example, stipulating those resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulating those resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

(k) **Revenue and Revenue Recognition**

Contributions - The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met. For the year ended December 31, 2025, the Organization did not have any conditional promises to give.

Government grants - A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Registration fees - Registration fees represent amounts paid by participants to attend events hosted by the Organization. These fees are considered exchange transactions and are recognized as revenue at the point in time when the related event occurs and the Organization satisfies its performance obligation of providing access to the event. Amounts received in advance of the event are recorded as deferred revenue until the event takes place.

FAMILY FIRST, INC.

Notes to Financial Statements

December 31, 2025

(1) Summary of Significant Accounting Policies (Continued)

(k) Revenue and Revenue Recognition (Continued)

License plate - The Organization receives revenue from specialty license plate fees administered through state agencies. The Organization recognizes license plate fee revenue when amounts are determinable and available to the Organization.

Special events - Special event revenue consists primarily of ticket sales, sponsorships, and related participant fees associated with fundraising events held by the Organization. The portion of the payment that represents the direct benefit received by the attendee (such as meals, entertainment, or admission) is recognized as exchange revenue when the event occurs. Any excess of the payment over the fair value of the direct benefit received is considered a contribution and is recognized as contribution revenue when the event takes place. Amounts received prior to the event are recorded as deferred revenue.

Other income - Other income consists primarily of online store sales and speaker fees. Online store sales consist primarily of the sale of branded merchandise and educational materials through the Organization's online platform. Revenue is recognized at the point in time when control of the merchandise transfers to the customer, which generally occurs upon shipment or delivery. Sales taxes collected from customers are excluded from revenue and recorded as a liability until remitted to the appropriate taxing authorities. Speaker fee revenue represents amounts earned by the Organization for providing speakers to external organizations. Revenue is recognized when the speaking engagement occurs and the related performance obligation has been satisfied. Amounts received in advance of the engagement are recorded as deferred revenue.

(l) Donated Materials

Donated materials are recorded at fair value unless they pass through the Organization to charitable recipients (i.e., books). Donated materials retained by the Organization for use in programs or administration are recorded at their fair values, as increases in unrestricted net assets. During the year ended December 31, 2025, the Organization received donated television and radio airtime, and billboard space valued at \$1,069,458.

(m) Advertising Costs

Advertising costs are expensed as incurred, and approximated \$6,359,000 during the year ended December 31, 2025.

FAMILY FIRST, INC.

Notes to Financial Statements

December 31, 2025

(1) Summary of Significant Accounting Policies (Continued)

(n) Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated on the basis of estimates of time and effort include depreciation, interest, occupancy, salaries and benefits.

(o) Income Taxes

The Organization follows the provisions of FASB ASC (Accounting Codification) No. 740, Accounting for Uncertainty in Income Taxes. The Organization has not recognized any respective liability for unrecognized tax benefits as it has no known tax positions that would subject the Organization to any material income tax exposure. A reconciliation of the beginning and ending amount of unrecognized tax benefits is not included, nor is there any interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses as there are no unrecognized tax benefits.

The Organization is exempt from federal income tax under provision of Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Consequently, no provision for income taxes has been included in the accompanying financial statements.

Under Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification 740, an entity's income tax returns are subject to examination by the applicable taxing authorities. The time period during which a return may be selected by a taxing authority for examination generally ends at the later of three years after the initial due date of the return or three years after the return is filed. At December 31, 2025, the Organization's tax years that remain subject to examination are 2022 - 2024.

(p) Use of Estimates

Management of the Organization has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

FAMILY FIRST, INC.

Notes to Financial Statements

December 31, 2025

(1) **Summary of Significant Accounting Policies (Continued)**

(q) **Credit Risk**

The Organization maintains its cash balances at certain financial institutions in which balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. During the year, the Organization from time to time may have had amounts on deposit in excess of the insured limits. Management believes the associated risk is minimized by placing such assets with quality financial institutions. The Organization has not experienced any losses on such accounts.

(r) **Subsequent Event**

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through March 27, 2026, which is the date the financial statements were available to be issued.

(2) **Liquidity and Availability**

As of December 31, 2025, the Organization has the following financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position:

Cash and cash equivalents	\$ 12,876,432
Investments	7,883,956
Government grants receivable	1,347,801
Promises to give	<u>48,650</u>
	<u>\$ 22,156,839</u>

As part of the Organization's liquidity management, it maintains sufficient cash to meet operating needs and monitors cash flows on a regular basis. The Organization expects to collect all receivables and promises to give within one year. There are no donor-imposed restrictions that limit the use of financial assets for general expenditures within one year of the statement of financial position date.

FAMILY FIRST, INC.

Notes to Financial Statements

December 31, 2025

(3) Fair Value Measurements

We report certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Quoted prices for similar assets in active markets or inputs that are observable.

Level 3 – Inputs that are unobservable and significant to the fair value measurement (i.e., cash flow modeling).

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

US Treasury securities are valued using quoted prices in active markets and therefore are classified as level 1 in the fair value hierarchy. Certificates of deposit are classified within level 2 of the fair value hierarchy. Fair value is estimated using observable inputs, including interest rate curves and market pricing for similar instruments. The Organization had no level 3 investments and no transfers between levels during the year.

FAMILY FIRST, INC.

Notes to Financial Statements

December 31, 2025

(3) **Fair Value Measurements (Continued)**

The following table presents assets measured at fair value at December 31, 2025:

	<u>Estimated Fair Value</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Certificates of deposit	\$ 3,089,566	-	3,089,566	-
U.S. Treasury securities	<u>4,794,390</u>	<u>4,794,390</u>	-	-
Total investments	<u>\$ 7,883,956</u>	<u>4,794,390</u>	<u>3,089,566</u>	-

(4) **Property and Equipment**

Property and equipment consists of the following at December 31, 2025:

Computer equipment	\$ 154,044
Furniture and fixtures	56,088
Leasehold improvements	125,379
Office equipment	<u>39,664</u>
	375,175
Less accumulated depreciation	<u>(269,180)</u>
	<u>\$ 105,995</u>

(5) **Leases**

The Organization leases certain equipment at various terms under long-term non-cancelable operating lease agreements. The leases expire at various dates through 2027. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. Operating lease provide for increases in future minimum annual rental payments. The weighted-average discount rate is based on the discount rate implicit in the lease. We have 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. We have applied the risk-free rate option to the equipment class of assets.

FAMILY FIRST, INC.

Notes to Financial Statements

December 31, 2025

(5) Leases (Continued)

We have 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 straight-line basis. We elected the practical expedient to not separate lease and non-lease components for our equipment leases.

Future minimum payments under non-cancellable operating leases with terms greater than one year as of December 31, 2025, are as follows:

	2026	\$ 124,042
	2027	67,651
	2028	<u>3,753</u>
		195,446
Less accumulated depreciation		<u>(2,955)</u>
		<u>\$ 192,491</u>

The components of lease expense during the year ended December 31, 2025, were as follows:

Short term lease expense	\$ 2,778
Variable lease expense	4,914
Operating lease expense	<u>117,680</u>
	<u>\$ 125,372</u>

As of December 31, 2025, the weighted average remaining lease term for the Company's operating leases is 1.6 years and the weighted average discount rate is 1.7%.

Other Financial Information

FAMILY FIRST, INC.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended December 31, 2025

	<u>Federal CFDA No.</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>
Federal Financial Assistance			
Department of Health and Human Services, passed through State of Texas:			
Department of Family Protective Service	93.669	HHS00113140001	\$ 157,085
Department of Treasury, passed through State of Arkansas:			
Coronavirus State and Local Fiscal Recovery Fund	21.027	-	367,789
Department of Education, passed through State of Florida:			
Title IV Student Support and Academic Enrichment	84.424A	29D-2415T-5P001	235,000
Total Federal Financial Assistance			<u>\$ 759,874</u>
	<u>State CSFA No.</u>	<u>Contract Number</u>	<u>State Expenditures</u>
State Financial Assistance			
State of Florida Department of Education			
Mentoring/Student Assistance Initiatives	48.068	29D-90170-5Q001	\$ 931,556
Grants and Aids - Strategic Statewide Initiatives	48.205	29D-90170-6Q001	445,004
Total State of Florida Department of Education			<u>\$ 1,376,560</u>
State of Florida Department of Children and Families			
Adoption Support and Promotion Services	60.160	LJ219 24-25	\$ 363,632
Adoption Support and Promotion Services	60.160	LJ219 25-26	99,024
Responsible Fatherhood Initiative	60.245 & 60.246	LJ213 24-25	3,948,155
Responsible Fatherhood Initiative	60.245 & 60.246	LJ213 25-26	3,286,444
Total State of Florida Department of Children and Families			<u>\$ 7,697,255</u>
State of Florida Department of Highway Safety and Motor Vehicles			
Family First License Plate	76.075	N/A	\$ 172,525
Family First Voluntary Contribution	76.108	N/A	20,298
Total State of Florida Department of Highway and Motor Vehicles			<u>\$ 192,823</u>
Total Florida State Financial Assistance			<u>\$ 9,266,638</u>
Indiana Department of Child Services			
Father Engagement	17022	54446	\$ 184,230
Father Engagement	17022	93798	174,500
Total Indiana State of Financial Assistance			<u>\$ 358,730</u>
Texas Department of Family & Protective Services:			
Texas Education Agency			
Fatherhood and Parental Involvement in Literacy	-	A617-24	\$ 202,112
Fatherhood and Parental Involvement in Literacy	-	A617-25	390,356
Total Texas State Financial Assistance			<u>\$ 592,468</u>
Tennessee Department of Finance and Administration			
Office of Business and Finance	-	10.35	\$ 41,107
Total Tennessee State Financial Assistance			<u>\$ 41,107</u>
Ohio Department of Children and Youth			
Responsible Fatherhood Initiative	-	DCY-G-2627-0543	\$ 612,361
Total Ohio State Financial Assistance			<u>\$ 612,361</u>
Total State Financial Assistance			<u>\$ 10,871,304</u>

FAMILY FIRST, INC.

**Notes to the Schedule of Expenditures of Federal Awards
and State Financial Assistance**

Year ended December 31, 2025

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the Federal and state grant activity of Family First, Inc. and is presented on the accrual basis of accounting. Family First, Inc. receives Federal and state awards indirectly through pass-through entities. The information in this schedule is presented in accordance with the requirements of the Section 215.97 of the Florida Statutes of the Florida Single Audit Act and Chapter 691.5, Rules of the Florida Department of Financial Services Administrative, Florida Administrative Code, and Schedule of Expenditures of State Financial Assistance.

- (2)** Major state projects are identified in the Summary of Auditor's Results Section of the Schedule of Findings and Questioned Costs.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Board of Directors
Family First, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Family First, Inc., which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2026.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family First, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family First, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Family First, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family First, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Schafer, Tschopp & Mitchell, LLP

March 27, 2026
Maitland, Florida

SCHAFER, TSCHOPP & MITCHELL, LLLP

Certified Public Accountants

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Independent Auditor's Report on Compliance for State Projects and on Internal Control Over Compliance Required by the Florida Single Audit Act

To the Board of Directors
Family First, Inc.:

Report on Compliance for Each Major State Projects

Opinion on Each Major State Projects

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

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

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of The Florida Single Audit Act. Our responsibilities under those standards and the Uniform Guidance are further describe in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Family First, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide for a legal determination of Family First, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Family First, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Florida Single Audit Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Family First, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Family First, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Family First, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate and to test and report on internal control over compliance in accordance with the Florida Single Audit Act but not for the purpose of expressing an opinion on the effectiveness of Family First, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Schafer, Tschopp & Mitchell, LLP

March 27, 2026
Maitland, Florida

Family First, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2025

A. Summary of the Audit Results

1. The Auditor's report expresses an unmodified opinion on the financial statements of Family First, Inc.
2. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements and is reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Family First, Inc. were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major state projects were disclosed during the audit in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major State Project and on Internal Control Over Compliance in Accordance with the Florida Single Audit Act.
5. The auditor's report on compliance for the major State projects for Family First, Inc. expresses an unqualified opinion.
6. There are no audit findings relative to the major state projects for Family First, Inc.
7. The programs tested as major state projects were the State Project CSFA #60.245 - Responsible Fatherhood Initiative.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The auditee did not qualify as a low-risk auditee.

B. Financial Statement Findings

1. No matters reported.

C. Major State Project Findings and Questioned Costs

1. No matters reported.

D. Summary Schedule of Prior Audit Finding

1. No Summary Schedule of Prior Audit Findings (see AG Rule 10.656(3)(d)(5)) is required because there are no prior audit findings related to state projects.