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**THE FOUNDATION FOR DELAWARE COUNTY  
AND AFFILIATE**

**REPORT ON AUDIT OF CONSOLIDATED  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2025**

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THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE

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## INDEPENDENT AUDITOR'S REPORT

December 16, 2025

To the Board of Directors  
The Foundation for Delaware County and affiliate  
Media, Pennsylvania

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of The Foundation for Delaware County and affiliate (the "Foundation"), a nonprofit organization, and CKHS, Inc., a nonprofit organization, which comprise the consolidated statement of financial position as of June 30, 2025, and the consolidated related 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Foundation for Delaware County and affiliate as of June 30, 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 of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Foundation for Delaware County and affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of

To the Board of Directors  
The Foundation for Delaware County and affiliate

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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Foundation for Delaware County and affiliate's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 GAAS and *Government 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 The Foundation for Delaware County and affiliate'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 The Foundation for Delaware County and affiliate'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.

To the Board of Directors  
The Foundation for Delaware County and affiliate

Report on Summarized Comparative Information

We have previously audited The Foundation for Delaware County and affiliate's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those consolidated audited financial statements in our report dated October 18, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the consolidated audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2025, on our consideration of The Foundation for Delaware County and affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of 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 The Foundation for Delaware County and affiliate's internal control over financial reporting and compliance.

*Barbacane, Thornton & Company LLP*  
BARBACANE, THORNTON & COMPANY LLP

**THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2025 AND 2024**

	2025	2024
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 2,568,828	\$ 2,612,504
Cash equivalents	46,732	45,821
Cash surrender value of life insurance	301,623	284,907
Pledges receivable	1,000	2,500
Grants receivable	1,170,508	994,427
Prepaid expenses	216,806	217,205
Other current assets	5,100	5,100
Total Current Assets	4,310,597	4,162,464
<b>NONCURRENT ASSETS:</b>		
Investments	52,717,654	72,648,150
Beneficial interest in perpetual trusts	1,547,049	1,477,339
Property and equipment, net	132,350	179,669
Right-of-use lease asset	24,742,114	1,914,013
Total Noncurrent Assets	79,139,167	76,219,171
<b>TOTAL ASSETS</b>	<b>\$ 83,449,764</b>	<b>\$ 80,381,635</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 1,117,697	\$ 921,676
Grants payable	8,500	189,549
Funds held for other organizations for agency endowments	735,782	641,163
Accrued payroll	248,955	199,077
Deferred revenue	193,518	405,010
Annuities payable, current	45,618	32,965
Environmental liabilities, current	-	35,659
Lease liability, current	5,797,433	385,209
Total Current Liabilities	8,147,503	2,810,308
<b>NONCURRENT LIABILITIES:</b>		
Annuities payable, noncurrent	293,257	195,018
Lease liability, noncurrent	18,896,852	1,488,315
Accrued paid time off	252,686	242,736
Insurance liabilities	175,495	200,138
Total Noncurrent Liabilities	19,618,290	2,126,207
<b>NET ASSETS</b>		
Without donor restrictions:		
Equity in property and equipment	132,350	179,669
Board-designated funds	9,643,788	8,478,775
Undesignated funds	43,551,243	64,350,585
Total Without Donor Restrictions	53,327,381	73,009,029
With donor restrictions	2,356,590	2,436,091
<b>TOTAL NET ASSETS</b>	<b>55,683,971</b>	<b>75,445,120</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 83,449,764</b>	<b>\$ 80,381,635</b>

The accompanying notes are an integral part of these financial statements.

**THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025  
(With Summarized Comparative Information for the Year Ended June 30, 2024)**

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2025	2024
<b>PUBLIC SUPPORT, REVENUES, AND GAINS (LOSSES)</b>				
Public support:				
Contributions from public	\$ 2,774,397	\$ 370,206	\$ 3,144,603	\$ 2,158,656
Grants from government agencies	6,872,336	100,000	6,972,336	6,522,551
Total public support	<u>9,646,733</u>	<u>470,206</u>	<u>10,116,939</u>	<u>8,681,207</u>
Other revenue and gains (losses):				
Special events, net of expenses of \$605,551 and \$584,231, respectively	(30)	-	(30)	7,590
Miscellaneous income	64,062	-	64,062	79,056
Changes in value of trusts	-	69,709	69,709	69,522
Investment income (loss)	6,132,737	25,641	6,158,378	8,517,257
Total other revenue and gains(losses)	<u>6,196,769</u>	<u>95,350</u>	<u>6,292,119</u>	<u>8,673,425</u>
Release of restrictions	<u>645,057</u>	<u>(645,057)</u>	<u>-</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT, REVENUES, AND GAINS (LOSSES)</b>	<u>16,488,559</u>	<u>(79,501)</u>	<u>16,409,058</u>	<u>17,354,632</u>
<b>EXPENSES</b>				
Program services	31,380,947	-	31,380,947	10,164,860
Management and general:				
Administration	836,928	-	836,928	914,912
Development	565,802	-	565,802	607,323
Transition costs	3,386,530	-	3,386,530	199,137
<b>TOTAL EXPENSES</b>	<u>36,170,207</u>	<u>-</u>	<u>36,170,207</u>	<u>11,886,232</u>
<b>CHANGE IN NET ASSETS</b>	(19,681,648)	(79,501)	(19,761,149)	5,468,400
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>73,009,029</u>	<u>2,436,091</u>	<u>75,445,120</u>	<u>69,976,720</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 53,327,381</u>	<u>\$ 2,356,590</u>	<u>\$ 55,683,971</u>	<u>\$ 75,445,120</u>

The accompanying notes are an integral part of these financial statements.

**THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2025  
(With Summarized Comparative Information for the Year Ended June 30, 2024)**

	Program Services	Management and General			Total	Totals	
		Administration	Development	Transition Costs		2025	2024
Salaries	\$ 4,506,582	\$ 339,847	\$ 394,933	\$ -	\$ 734,780	\$ 5,241,362	\$ 5,013,934
Employee benefits and taxes	1,168,502	65,433	85,417	-	150,850	1,319,352	1,257,713
Total Salaries and Related Expenses	<u>5,675,084</u>	<u>405,280</u>	<u>480,350</u>	<u>-</u>	<u>885,630</u>	<u>6,560,714</u>	<u>6,271,647</u>
Bank and other fees	3,222	388	715	14,273	15,376	18,598	20,140
Board expenses	150	5,729	-	-	5,729	5,879	6,199
Delaware County health stabilization	20,000,000	-	-	-	-	20,000,000	-
Depreciation	21,662	25,656	-	-	25,656	47,318	49,743
Development expenses	10,181	155	5,785	-	5,940	16,121	20,506
Direct client services	2,213,182	-	-	-	-	2,213,182	1,226,613
Dues and memberships	60,622	10,642	8,474	-	19,116	79,738	80,703
Equipment leases	12,865	1,782	-	-	1,782	14,647	-
Grants and charitable assistance	2,084,836	9,973	29,549	-	39,522	2,124,358	2,388,701
Insurance	33,128	36,867	-	1,000	37,867	70,995	63,999
Miscellaneous expenses	1,405	331	-	-	331	1,736	4,863
Occupancy	536,624	91,259	-	2,352,704	2,443,963	2,980,587	793,947
Postage	2,112	1,229	7,062	336	8,627	10,739	10,919
Printing and advertising	85,483	24,387	19,699	11,680	55,766	141,249	89,263
Professional services	121,396	113,468	-	1,002,040	1,115,508	1,236,904	317,386
Repairs and maintenance	16,002	782	-	3,221	4,003	20,005	22,149
Staff development	96,412	20,550	4,481	-	25,031	121,443	119,715
Supplies	68,271	7,721	1,125	-	8,846	77,117	109,889
Telephone and IT expenses	288,336	78,351	6,952	-	85,303	373,639	258,336
Travel and meals	49,974	2,378	1,610	1,276	5,264	55,238	31,514
<b>TOTAL EXPENSES</b>	<u>\$ 31,380,947</u>	<u>\$ 836,928</u>	<u>\$ 565,802</u>	<u>\$ 3,386,530</u>	<u>\$ 4,789,260</u>	<u>\$ 36,170,207</u>	<u>\$ 11,886,232</u>

The accompanying notes are an integral part of these financial statements.

**THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (19,761,149)	\$ 5,468,400
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	47,318	49,743
Operating lease activity	(7,340)	(3,820)
Unrealized (gains) losses on investments	(1,610,484)	(4,981,128)
(Increase) Decrease in:		
Cash surrender value of life insurance	(16,716)	(24,425)
Pledges receivable	1,500	-
Grants receivable	(176,081)	(260,708)
Prepaid expenses	399	(11,039)
Increase (Decrease) in:		
Accounts payable and accrued expenses	196,021	395,836
Grants payable	(181,049)	(315,973)
Funds held for other organizations for agency endowments	94,619	147,985
Accrued payroll	49,878	16,204
Deferred revenue	(211,492)	(163,510)
Annuities payable	110,892	52,438
Accrued paid time off	9,950	45,462
Environmental liability	-	(40,492)
Insurance liabilities	(24,643)	(5,901)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(21,478,377)</b>	<b>369,072</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(35,716,254)	(15,551,934)
Sales of investments	57,151,866	15,840,291
Purchase of property and equipment	-	(33,254)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>21,435,612</b>	<b>255,103</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(42,765)</b>	<b>624,175</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>2,658,325</b>	<b>2,034,150</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 2,615,560</b>	<b>\$ 2,658,325</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>		
Cash	\$ 2,568,828	\$ 2,612,504
Cash equivalents	46,732	45,821
	<b>\$ 2,615,560</b>	<b>\$ 2,658,325</b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A THE FOUNDATION

The Foundation for Delaware County and affiliate (“the Foundation”) is an independent public foundation under 501(c)(3) of the Internal Revenue Code. The Foundation was created on July 1, 2016 with the merger of the former Crozer-Chester Foundation and the Delco Memorial Foundation, and was funded with the proceeds from the sale of Crozer-Keystone Health System (“CKHS”) to Prospect Medical Holdings. The purpose of the Foundation is to serve as Delaware County’s community foundation, encouraging philanthropy by creating impactful, efficient giving vehicles for donors, making grants to improve the health and well-being of Delaware County’s residents, operating high quality community health programs and energizing participation and partnership across the county. The collective group of the foundation and CKHS will be referred to as the Foundation.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting.

Financial Statement Presentation

In accordance with the section of the Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) regarding financial statements of not-for-profit organizations, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. In addition, the Foundation is required to present a statement of cash flows.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of The Foundation for Delaware County and affiliate (the “Foundation”), a nonprofit organization, and CKHS, Inc., a nonprofit organization. The President of the Foundation serves as the sole board member of CKHS, Inc.

In accordance with generally accepted accounting principles in the United States of America (U.S. GAAP), the Foundation consolidates entities in which it has a controlling financial interest. Control is typically evidenced by majority representation on the governing board or through other arrangements that provide the Foundation with the ability to direct the significant activities of the entity.

Based on this governance structure, the Foundation has determined that it exercises control over CKHS, Inc. Accordingly, CKHS, Inc. is consolidated in the Foundation’s financial statements. All material intercompany balances and transactions have been eliminated in consolidation.

THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt investments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2025, cash equivalents consist of certificates of deposit.

Investments

In accordance with the FASB ASC, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Fair values are estimated based on quoted market prices or other inputs, as described in Note D. Purchases are recorded on the trade date. Realized gains and losses are determined on the basis of first in, first out. All unrealized gains and losses arising from fluctuations in market values, sales, or other disposition of assets are accounted for in the class of net assets that owns the assets. Donated securities also are reported at fair market value as of the date of receipt.

Contributions

In accordance with the section of the FASB ASC regarding accounting for contributions received and contributions made, contributions received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Pledges and Other Receivables

Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Promises to make contributions which are expected to be paid over a period in excess of one year are discounted and recorded at their present value. Conditional promises to make contributions are recorded as support in the period the condition is met. Pledges are evaluated for collectability based on payment history and known information about the pledgor. Promises to give are charged to the allowance for uncollectible accounts when determined to be uncollectible by management.

Management's estimate of the allowance for uncollectible accounts receivable is based on historical collection rates and an analysis of the collectability of individual receivables. Management anticipates that all amounts are collectible and, therefore, has not recorded an allowance for uncollectible accounts as of June 30, 2025.

Recognition of Donor Restrictions

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without

THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

donor restrictions and reported in the statement of activities as net assets released from restrictions.

Tax-Exempt Status

No provision has been made for income taxes since the Foundation and CKHS qualify as a tax-exempt organization under the Internal Revenue Code, Section 501(c)(3), and its activities do not result in any income tax liability. In accordance with the FASB ASC section regarding accounting for uncertainty in income taxes, the Foundation is required to recognize the financial statement effects of a tax position if it is more likely than not that the position will not be sustained upon examination. The Foundation has no uncertain tax positions that qualify for recognition in the consolidated financial statements.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Foundation's tax returns will not be challenged by the taxing authorities and that the Foundation will not be subject to additional tax penalties and interest as a result of such challenge.

Property and Equipment and Depreciation

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Expenditures for maintenance, repairs, minor renewals, and betterments which do not improve or extend the useful life of the respective asset are expensed. Equipment is stated at cost if purchased. Donated equipment is recorded at its fair value 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 disposition are recognized in the statement of activities.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Furniture and equipment are depreciated over their estimated useful lives of five to ten years, and property is depreciated over its useful life of ten to twenty years. Depreciation expense for the year ended June 30, 2025 totaled \$47,318. Accumulated depreciation as of June 30, 2025 totaled \$594,129.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related costs have been allocated based on time studies. Shared occupancy costs have been allocated based on square footage. Professional services have been allocated based on the nature of the service provided.

THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in accordance with the FASB ASC requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results may differ from those estimates.

Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

NOTE C CONTRACTS AND GRANTS FROM GOVERNMENTAL AGENCIES

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

NOTE D FAIR VALUE MEASUREMENTS

FASB ASC 820, "Fair Value Measurement," defines fair value, sets out a framework for measuring fair value, and requires disclosures about fair value measurements. An asset's fair value is defined as the price at which the asset could be exchanged in an orderly transaction between market participants at the balance sheet date. A liability's fair value is defined as the amount that would be paid to transfer the liability to a market participant, not the amount that would be paid to settle the liability with the creditor. Fair value measurements are applied based on the unit of account, which determines what is being measured by reference to the level at which the asset or liability is aggregated (or disaggregated). In determining fair value, when practicable, the Foundation uses the market approach which utilizes prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

The Foundation's financial instruments carried at fair value have been classified based upon the fair value hierarchy as defined by FASB ASC 820. The hierarchy gives the highest ranking

THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE D FAIR VALUE MEASUREMENTS (cont'd)

to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with significant unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

The levels of the fair value hierarchy are as follows:

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

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

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

Fair value of assets measured on a recurring basis at June 30, 2025 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 1,762,257	\$ 1,762,257	\$ -	\$ -
Certificates of deposit	46,732	-	46,732	-
Mutual funds:				
Fixed income	14,198,673	14,198,673	-	-
Equities	28,403,078	28,403,078	-	-
Joint ventures	8,353,646	-	-	8,353,646
Beneficial interest in perpetual trusts	<u>1,547,049</u>	<u>-</u>	<u>1,547,049</u>	<u>-</u>
	<u>\$ 54,311,435</u>	<u>\$ 44,364,008</u>	<u>\$ 1,593,781</u>	<u>\$ 8,353,646</u>

Fair value of liabilities measured on a recurring basis at June 30, 2025 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Annuities payable	<u>\$ 338,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 338,875</u>
	<u>\$ 338,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 338,875</u>

THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE D FAIR VALUE MEASUREMENTS (cont'd)

On an annual basis, the Foundation assesses the fair value hierarchy for each asset or liability measured at fair value. From time to time, assets or liabilities will be transferred within the fair value hierarchy as a result of changes in, among other things, inputs used, liquidity, or valuation methodologies. During the year ended June 30, 2025, there were no transfers in classification within the fair value hierarchy.

Investment income (loss) for the year ended June 30, 2025 consisted of the following:

Interest and dividends	\$ 1,615,802
Realized gain	2,915,376
Unrealized gain, net of investment fees	1,610,484
Change in value of life insurance policies	<u>16,716</u>
Total	<u>\$ 6,158,378</u>

The Foundation's life insurance policy is valued based on the cash surrender value of the policy. Changes in the cash surrender value of life insurance for the year ended June 30, 2025 are as follows:

Beginning balance	\$ 284,907
Change in value	<u>16,716</u>
Ending balance	<u>\$ 301,623</u>

The Foundation estimates fair value of annuities payable based on the present value of expected future cash flows and estimates fair value of joint ventures using other unobservable market and investment-specific inputs. Changes in the annuities payable and joint ventures for the year ended June 30, 2025 are as follows:

	<u>Annuities Payable</u>	<u>Joint Ventures</u>
Beginning balance	\$ 227,983	\$ 6,684,162
Purchases	151,859	1,730,042
Payments made	(54,556)	(429,020)
Change in present value of future cash flows	<u>13,589</u>	<u>368,462</u>
Ending balance	<u>\$ 338,875</u>	<u>\$ 8,353,646</u>

THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE E NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2025, certain assets were donor restricted for the following purposes:

Time restricted - beneficial interest in perpetual trusts	\$ 1,547,049
Purpose restricted - program services	<u>809,541</u>
	<u>\$ 2,356,590</u>

NOTE F LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Foundation's financial assets as of June 30, 2025, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside by the Board of Directors that could be drawn upon if the governing board approves that action.

Financial assets, at year-end	\$58,353,394
Less those unavailable for general expenditures within one year due to:	
Program services	809,541
Board designated funds	9,643,788
Restricted in perpetual trusts	<u>1,547,049</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$46,353,016</u>

The Foundation's financial assets consist of cash and cash equivalents, the cash surrender value of life insurance, pledges receivable, grants receivable, investments, and beneficial interests in perpetual trusts.

The Foundation has a goal to maintain financial assets on hand to meet 30 days of normal operating expenses excluding depreciation.

NOTE G BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Foundation is a beneficiary of seven trust agreements whereby bequeathed assets are held in trust by banks. These trusts are measured at fair value based on the fair value of the underlying assets which approximates the present value of expected cash flows. Income from the trust is to be paid to charitable organizations, including the Foundation. The fair market value of the Foundation's interest in the perpetual trusts was \$1,547,049 at June 30, 2025.

THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE H CONCENTRATION OF CREDIT RISK

The Foundation maintains some of its cash in a bank deposit account with banks which, at times, may exceed the federally insured limit of \$250,000. As of June 30, 2025, the carrying amount of the Foundation's deposits in excess of the federally insured limits was \$2,031,428. The Foundation's remaining cash and its investments are unsecured and are managed by professional advisors subject to the Foundation's investment policy. The Foundation has not experienced any losses in such accounts.

NOTE I INSURANCE PROGRAM

As part of the proceeds from the sale of CKHS to Prospect Medical Holdings (see Note A), the Foundation absorbed certain liabilities previously held by CKHS. Specifically, the Foundation assumed certain outstanding insurance claims liabilities previously held by CKHS. The outstanding balance as of June 30, 2025 of \$175,495 represents management's estimate of the likely value of outstanding claims, including claims incurred but not reported.

NOTE J ENVIRONMENTAL LIABILITIES

As part of the asset purchase agreement between CKHS and Prospect Crozer, LLC, the Foundation assumed responsibility for environmental monitoring on property sold to Prospect Crozer, LLC. Monitoring is to continue until environmental concerns are considered fully abated or Prospect Crozer, LLC develops the property.

NOTE K FUNDS HELD FOR OTHER ORGANIZATIONS FOR AGENCY ENDOWMENTS

The FASB ASC establishes standards for transactions in which a recipient entity accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to an entity that is specified by the donor. This guidance specifically requires that if a not-for-profit organization establishes a fund at the recipient entity which owns its funds and specifies itself as the beneficiary of that fund, the recipient entity must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency endowments.

The Foundation maintains variance power and legal ownership of agency endowment funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with the FASB ASC, a liability has been established for the present value of the future payments expected to be made to the not-for-profit organizations, which is generally equivalent to the fair value of the funds.

At June 30, 2025, the Foundation held nine agency endowment funds with a combined fair value of \$735,782.

THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE L BOARD-DESIGNATED NET ASSETS

Board-designated net assets consist of donor-advised funds (\$2,998,750) and other funds for which the Foundation has variance power. While donors or other appropriate individuals may provide guidance on the use of these funds, these funds are not subject to donor-imposed restrictions.

NOTE M RETIREMENT PLAN

The Foundation has a tax deferred retirement plan available to substantially all of its employees. Any benefits-eligible employees may make voluntary contributions to this plan. For an employee who has attained 21 years of age, completed at least 3 months of service, and makes a voluntary contribution of at least 1% of annual compensation to the plan, the Foundation makes a contribution to the plan. The Foundation's contribution is a match of up to 4%. The plan is intended to qualify under Section 403(b) of the Internal Revenue Code and is subject to the provisions of the Employee Retirement Income Security Act. The Foundation's contributions to the plan totaled \$162,938 for the year ended June 30, 2025.

NOTE N FOUNDATION LEASES

The Foundation has entered into leases to rent office space and program facility space throughout Delaware County, Pennsylvania, with varying terms through August 2030. Rent expense amounted to \$447,313 for the year ended June 30, 2025 and is included in occupancy on the statement of functional expenses. The Foundation has accounted for the lease as a right-to-use asset and lease liability on the statement of financial position. The Foundation calculated the present value of the rental agreement at the risk-free interest rate as of the incurrence of the lease (3.97%). The weighted remaining life of all Foundation leases as of June 30, 2025 is 4.14 years.

The following payments are due under the Foundation leases in future years:

For the Year Ended June 30,

2026	\$	469,039
2027		334,986
2028		402,000
2029		404,725
2030		264,527
Thereafter		44,622
Less: Discount		<u>(431,584)</u>
	\$	<u>1,488,315</u>

THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE O CKHS LEASES AND FOUNDATION LEASE GUARANTY OBLIGATIONS

The Foundation elects the Board of Directors of CKHS, Inc. f/k/a Crozer-Keystone Health System.

Crozer-Chester Foundation ("CCF") and the Delco Memorial Foundation ("DF") executed two Guaranty Agreements, each dated October 7, 2009 (collectively herein called the "Guaranty Agreements") in connection with long-term lease agreements which are also dated October 7, 2009, one lease between CKHS and Springfield PA Associates I, L.P., for the property designated as Units B and C of the Springfield Healthplex, located at 190 West Sproul Road, Springfield PA and the other lease between CKHS and Springfield PA Associates II, L.P., for the property located at 100 West Sproul Road, Springfield PA (Springfield PA Associates I and II L.P. and their successors are collectively herein called the "Landlords"). DF merged into CCF and CCF subsequently changed its name to the "The Foundation for Delaware County and affiliate". The terms of the Guaranty Agreements indicate that the Foundation is a guarantor of CKHS's obligations to the Landlords under the two leases, including the payment of rent, property taxes, and maintenance costs and performance of all lease covenants.

CKHS subleased the two properties covered by the long term leases to Prospect CCMC, LLC. ("Prospect") (the subleases collectively herein called the "Springfield Subleases"). On January 11, 2025, Prospect Medical Holdings Inc. and its affiliated debtors (one of which was Prospect) filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. In connection with the bankruptcy, effective as of April 30, 2025, Prospect rejected the Springfield Subleases.

The terms of the Guaranty Agreements indicate that the Foundation is liable for CKHS's lease obligations under the two long term leases. The maximum potential amount of future payments under the two long term leases, as of June 30, 2025, is approximately \$23,205,970. Accordingly, CKHS, Inc. has recorded a liability of this amount, representing management's best estimate of the present value of the expected future lease payments under the two long term leases. Estimated real estate taxes and operating expenses for the year ended June 30, 2025 were approximately \$3.1 million. These costs are recognized as variable lease expenses and are recognized as an expense when incurred. Accordingly, no liability has been recorded for real estate taxes and operating expenses. The foundation calculated the present value of the agreement at the risk free interest rate as of the incurrence of the lease (4.08%).

The weighted average interest rate was 0.34%, and the weighted lease life was 4.33 years as of June 30, 2025.

Management continues to monitor the bankruptcy proceedings and intends to pursue all available options regarding the two long term leases and Guaranty Agreements.

As of June 30, 2025, scheduled lease payments under the two CKHS long term leases are as follows:

THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE O CKHS LEASES AND FOUNDATION LEASE GUARANTY OBLIGATIONS (cont'd)

For the Year Ended June 30,

2026	\$ 5,596,851
2027	5,843,460
2028	6,100,955
2029	6,369,820
2030	1,713,272
Less: Discount	<u>(2,418,388)</u>
	<u>\$ 23,205,970</u>

Lease payments will be offset by revenues received under subleases. As of June 30, 2025 scheduled lease payments under subleases are as follows:

For the Year Ended June 30,

2026	\$ 2,202,734
2027	2,208,881
2028	2,215,053
2029	2,221,250
2030	<u>582,392</u>
	<u>\$ 9,430,310</u>

NOTE P SPECIAL EVENTS

The Foundation holds a number of special events each year to raise funds. A summary of the activities for the year ended June 30, 2025 is as follows:

<u>Events</u>	<u>Revenue</u>	<u>Event Expenses</u>	<u>Distributions to Nonprofits</u>	<u>Net Proceeds</u>
DELCO Gives Day	\$ 416,711	\$ 160,479	\$ 373,564	\$ (117,332)
Golf Outing	104,850	46,002	-	58,848
Girls Night Out	<u>83,960</u>	<u>25,506</u>	<u>-</u>	<u>58,454</u>
	<u>\$ 605,521</u>	<u>\$ 231,987</u>	<u>\$ 373,564</u>	<u>\$ (30)</u>

The net loss reported for the DELCO Gives Day event is the result of the Foundation's direct contribution to the event and its member organizations. As part of its mission to support community initiatives, the Foundation provided significant funding to participating nonprofit organizations through the event. These contributions are reflected as distributions to nonprofits, thereby reducing the event's net proceeds for financial reporting purposes.

THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE Q EMERGENCY SUPPORT FOR CROZER HEALTH SYSTEM (PROPECT-OPERATED HOSPITALS)

During the year ended June 30, 2025, the Foundation approved and disbursed \$20,000,000 in emergency charitable funding to support the continued operation of the Crozer Health hospitals (Crozer-Chester Medical Center and Taylor Hospital), which were operated by Prospect Medical Holdings, Inc. while Prospect was in Chapter 11 bankruptcy proceedings. The Foundation's Board authorized this funding as a time-limited measure to preserve access to emergency and other acute-care services in Delaware County during active sale and transition negotiations.

The \$20,000,000 was provided in two tranches during March 2025: (i) \$7,000,000 to keep Crozer-Chester Medical Center and Taylor Hospital operating for approximately two weeks, and (ii) an additional \$13,000,000 days later to extend operations while parties pursued a sale.

Funds were restricted to near-term operating needs necessary to avoid abrupt service interruptions during court-supervised negotiations. The Foundation recognized the \$20,000,000 as Delaware County health stabilization during the year ended June 30, 2025 when the funding was approved and disbursed with no remaining substantive conditions for the Foundation to meet, in connection with \$20,000,000 funding.

Despite these emergency measures, court-approved plans to wind down Crozer Health proceeded in late April and early May 2025, with ambulance diversions beginning April 2025, and inpatient services ceasing shortly thereafter.

After fiscal year-end, the Foundation, CKHS Inc. and Prospect and its affiliated debtors entered into a Settlement Agreement and Release entered into as of August 15, 2025, to resolve a number of outstanding issues between the parties. Under the Settlement Agreement the Foundation agreed to pay \$3,000,000, a portion of which was paid to Iron Mountain Information Management LLC and the other portion of which was paid to Morgan Records Management. The funds paid to Morgan Records Management are believed to have been used to allow patients to obtain their medical records at no charge to the customers. The payments were paid in September 2025.

NOTE R SUBSEQUENT EVENTS

The Foundation has evaluated all subsequent events through December 16, 2025, the date the consolidated financial statements were available to be issued.

**THE FOUNDATION FOR DELAWARE COUNTY AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2025**

	The Foundation for Delaware County	CKHS, Inc.	Eliminations	Totals
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash	\$ 2,568,828	\$ -	\$ -	\$ 2,568,828
Cash equivalents	46,732	-	-	46,732
Cash surrender value of life insurance	301,623	-	-	301,623
Pledges receivable	1,000	-	-	1,000
Grants receivable	1,170,508	-	-	1,170,508
Prepaid expenses	216,806	-	-	216,806
Other current assets	5,100	-	-	5,100
Total Current Assets	<u>4,310,597</u>	<u>-</u>	<u>-</u>	<u>4,310,597</u>
<b>PROPERTY AND EQUIPMENT:</b>				
Investments	52,717,654	-	-	52,717,654
Beneficial interest in perpetual trusts	1,547,049	-	-	1,547,049
Property and equipment, net	132,350	-	-	132,350
Right-of-use lease asset	1,529,922	23,212,192	-	24,742,114
	<u>55,926,975</u>	<u>23,212,192</u>	<u>-</u>	<u>79,139,167</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 60,237,572</u></u>	<u><u>\$ 23,212,192</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 83,449,764</u></u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable and accrued expenses	\$ 1,117,697	\$ -	\$ -	\$ 1,117,697
Grants payable	-	-	-	-
Funds held for other organizations for agency endowments	744,282	-	-	744,282
Accrued payroll	248,955	-	-	248,955
Deferred revenue	193,518	-	-	193,518
Annuities payable, current	45,618	-	-	45,618
Environmental liabilities, current	-	-	-	-
Lease liability, current	376,976	5,420,457	-	5,797,433
Total Current Liabilities	<u>2,727,046</u>	<u>5,420,457</u>	<u>-</u>	<u>8,147,503</u>
<b>NONCURRENT LIABILITIES:</b>				
Annuities payable, noncurrent	293,257	-	-	293,257
Lease liability, noncurrent	1,111,339	17,785,513	-	18,896,852
Environmental liabilities, noncurrent	-	-	-	-
Accrued paid time off	252,686	-	-	252,686
Insurance liabilities	175,495	-	-	175,495
Total Noncurrent Liabilities	<u>1,832,777</u>	<u>17,785,513</u>	<u>-</u>	<u>19,618,290</u>
<b>NET ASSETS:</b>				
Equity in property and equipment	132,350	-	-	132,350
Board-designated funds	8,478,775	-	-	8,478,775
Undesignated funds	44,570,011	6,222	-	44,576,233
With donor restrictions (deficit)	2,496,613	-	-	2,496,613
Total Net Assets (deficit)	<u>55,677,749</u>	<u>6,222</u>	<u>-</u>	<u>55,683,971</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 60,237,572</u></u>	<u><u>\$ 23,212,192</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 83,449,764</u></u>

**THE FOUNDATION FOR DELAWARE COUNTY AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2025**

	The Foundation for			Totals
	Delaware County	CKHS, Inc.	Eliminations	
<b>PUBLIC SUPPORT, REVENUES, AND GAINS (LOSSES)</b>				
Public support:				
Contributions from public	\$ 3,144,603	\$ -	\$ -	\$ 3,144,603
Grants from government agencies	6,972,336	-	-	6,972,336
Total public support	<u>10,116,939</u>	<u>-</u>	<u>-</u>	<u>10,116,939</u>
Other revenue and gains (losses):				
Special events, net of expenses of \$584,231 and \$75,223, respectively	(30)	-	-	(30)
Miscellaneous income	64,062	-	-	64,062
Lease income (payment)	(3,345,380)	3,345,380	-	-
Changes in value of trusts	69,709	-	-	69,709
Investment income (loss)	6,158,378	-	-	6,158,378
Total other revenue and gains(losses)	<u>2,946,739</u>	<u>3,345,380</u>	<u>-</u>	<u>6,292,119</u>
<b>TOTAL PUBLIC SUPPORT, REVENUES, AND GAINS (LOSSES)</b>	<u>13,063,678</u>	<u>3,345,380</u>	<u>-</u>	<u>16,409,058</u>
<b>EXPENSES</b>				
Program services	31,380,947	-	-	31,380,947
Management and general:				
Administration	836,928	-	-	836,928
Development	565,802	-	-	565,802
Transition costs	47,372	3,339,158	-	3,386,530
<b>TOTAL EXPENSES</b>	<u>32,831,049</u>	<u>3,339,158</u>	<u>-</u>	<u>36,170,207</u>
<b>CHANGE IN NET ASSETS</b>	(19,767,371)	6,222	-	(19,761,149)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>75,445,120</u>	<u>-</u>	<u>-</u>	<u>75,445,120</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 55,677,749</u>	<u>\$ 6,222</u>	<u>\$ -</u>	<u>\$ 55,683,971</u>



THE  
FOUNDATION FOR ●  
DELAWARE ●  
COUNTY ●

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**THE FOUNDATION FOR DELAWARE COUNTY  
AND AFFILIATE**

**SINGLE AUDIT SUPPLEMENT**

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INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

December 16, 2025

To the Board of Directors  
The Foundation for Delaware County and affiliate  
Media, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the consolidated financial statements of The Foundation for Delaware County and affiliate ("the Foundation"), a nonprofit organization, which comprise the statement of financial position as of June 30, 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 December 16, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting ("internal control") as a basis for designing 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 the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation'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.

To the Board of Directors  
The Foundation for Delaware County and affiliate

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

#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
BARBACANE, THORNTON & COMPANY LLP



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

December 16, 2025

To the Board of Directors  
The Foundation for Delaware County and affiliate  
Media, Pennsylvania

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited The Foundation for Delaware County and affiliate's ("the Foundation") 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 the Foundation's major federal program for the year ended June 30, 2025. The Foundation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on Major Federal Program

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

We are required to be independent of The Foundation for Delaware County and affiliate and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit.

To the Board of Directors  
The Foundation for Delaware County and affiliate

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for its major federal program. Our audit does not provide a legal determination of the Foundation'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 the Foundation's federal programs.

#### Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for 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 the Foundation's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the Foundation'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 the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation'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.

To the Board of Directors  
The Foundation for Delaware County and affiliate

### Report on Internal Control Over Compliance

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


Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. 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.

### Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of The Foundation for Delaware County and affiliate as of and for the year ended June 30, 2025, and have issued our report thereon dated December 16, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

  
BARBACANE, THORNTON & COMPANY LLP

**THE FOUNDATION FOR DELAWARE COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-through Grantor Program or Cluster Title	Source Code	Federal ALN	Pass-through Entity Identifying Number	Total Received For Year	Accrued (Unearned) Revenue 07/01/2024	Revenue Recognized	Federal Expenditures	Accrued (Unearned) Revenue 6/30/2025	Passed Through to Subrecipients
<b>U.S Department of Agriculture</b>									
Passed through Commonwealth of Pennsylvania Department of Health									
Special Supplemental Nutrition Program for Women, Infants, and Children	I	10.557	4100093365	\$ 1,077,953	\$ 463,813	\$ 614,140	\$ 614,140	\$ -	\$ -
Special Supplemental Nutrition Program for Women, Infants, and Children	I	10.557	4100093365	988,600	-	1,492,504	1,492,504	503,904	-
Total ALN 10.557 (Total WIC Cluster)				2,066,553	463,813	2,106,644	2,106,644	503,904	-
Passed through Commonwealth of Pennsylvania Department of Agriculture									
WIC Farmers' Market Nutrition Program	I	10.572	N/A	11,466	-	11,466	11,466	-	-
<b>Total U.S. Department of Agriculture</b>				2,078,019	463,813	2,118,110	2,118,110	503,904	-
<b>U.S Department of Housing and Urban Development</b>									
Passed through Upper Darby Township									
Community Development Block Grant	I	14.218	N/A	1,193	-	16,287	16,287	15,094	-
<b>Total U.S. Department of Housing and Urban Development</b>				1,193	-	16,287	16,287	15,094	-
<b>U.S. Department of Treasury</b>									
American Rescue Plan Sub-Grant Agreement									
	D	21.027	N/A	-	(204,144)	204,144	204,144	-	-
Passed through Pennsylvania Department of Human Services									
COVID-19 ARPA Local Fiscal Recovery Fund	I	21.027	N/A	100,000	(100,000)	94,288	94,288	(105,712)	-
COVID-19 ARPA Local Fiscal Recovery Fund	I	21.027	N/A	100,000	(68,683)	142,140	142,140	(26,543)	-
Total passed through Pennsylvania Department of Human Services				200,000	(168,683)	236,428	236,428	(132,255)	-
Passed through Upper Darby Township									
COVID-19 ARPA Local Fiscal Recovery Fund	I	21.027	N/A	84,640	44,399	40,241	40,241	-	-
<b>Total U.S. Department of Treasury</b>				284,640	(328,428)	480,813	480,813	(132,255)	-
<b>U.S. Department of Health and Human Services</b>									
Passed through the Commonwealth of Pennsylvania Department of Human Services									
Maternal and Child Health Services Block Grant	I	93.870	N/A	21,344	14,833	27,777	27,777	21,266	-
Total ALN 93.870				21,344	14,833	27,777	27,777	21,266	-
Passed through the Commonwealth of Pennsylvania Department of Drug and Alcohol Programs									
Substance Abuse Block Grant - Drug & Alcohol Services	I	93.959	N/A	106,890	26,560	105,220	105,220	24,890	-
<b>Total U.S. Department of Health and Human Services</b>				1,139,815	322,176	1,148,903	1,148,903	331,264	-
<b>Corporation for National and Community Service</b>									
Passed through Pennsylvania Labor & Industry Department									
AmeriCorps State and National	I	94.006	N/A	15,052	-	28,596	28,596	13,544	-
<b>Total Corporation for National and Community Service</b>				15,052	-	28,596	28,596	13,544	-
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ 3,518,719</b>	<b>\$ 457,561</b>	<b>\$ 3,792,709</b>	<b>\$ 3,792,709</b>	<b>\$ 731,551</b>	<b>\$ -</b>

Source Codes:

- D = Direct Funding
- I = Indirect Funding

THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A     BASIS OF ACCOUNTING

All expenditures included in the schedule of expenditures of federal awards are presented on the basis that expenditures are reported to the respective federal grantor agencies. Accordingly, expenditures are recorded when the federal obligation is determined.

NOTE B     FEDERAL EXPENDITURES

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants which were active during the fiscal year.

NOTE C     INDIRECT COST RATES

The Foundation has elected not to use the 10% de minimis indirect cost rate.

**THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

**PART A - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified?        Yes   X   None reported
- Noncompliance material to financial statements noted?        Yes   X   No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified?        Yes   X   None reported

Type of auditor's report issued on compliance for major program [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

       Yes   X   No

Identification of major program:

Assistance Listing Number

Name of Federal Program or Cluster

93.926

Healthy Start Initiative – Healthy Start

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

  X   Yes        No

THE FOUNDATION FOR DELAWARE COUNTY AND AFFILIATE  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

**PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS**

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

**PART C - FINDINGS RELATED TO FEDERAL AWARDS**

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.