ZERO TO THREE: National Center for Infants, Toddlers and Families

Financial Statements
(With Supplementary Information)
and Independent Auditor's Report

September 30, 2025
(With Summarized Financial Information for the Year Ended September 30, 2024)

CohnReznick

ZERO TO THREE: National Center for Infants, Toddlers and Families

Index

Independent Auditor's Report

To the Board of Directors
ZERO TO THREE: National Center for Infants, Toddlers and Families

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ZERO TO THREE: National Center for Infants, Toddlers and Families ("ZERO TO THREE"), which comprise the statement of financial position as of September 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ZERO TO THREE as of September 30, 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 ("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 ZERO TO THREE 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 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 ZERO TO THREE'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 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 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 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 ZERO TO THREE'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 ZERO TO THREE'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the 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.

Report on Summarized Comparative Information

We have previously audited ZERO TO THREE's September 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 30, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024 is consistent, in all material respects, with the 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 February 13, 2026 on our consideration of ZERO TO THREE'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 ZERO TO THREE's 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 ZERO TO THREE's internal control over financial reporting and compliance.

CohnReznick LLP

Bethesda, Maryland
February 13, 2026

ZERO TO THREE: National Center for Infants, Toddlers and Families

Statement of Financial Position
September 30, 2025
(With Summarized Financial Information as of September 30, 2024)

Assets

	2025	2024
Assets		
Cash and cash equivalents	$ 54,283,361	$ 47,641,571
Federal and state government grants and contracts receivable	7,053,569	7,435,566
Other grants, contributions and contracts receivable, net	3,929,305	6,359,749
Accounts receivable, net allowance for credit losses of $55,000 in 2025 and $22,048 in 2024	593,895	669,142
Prepaid expenses and other assets	1,392,698	844,413
Inventory	176,329	167,141
Investments	30,366,271	28,644,724
Right-of-use asset	3,367,946	3,733,834
Property and equipment, net	1,008,679	1,235,173
Total assets	$ 102,172,053	$ 96,731,313

Liabilities and Net Assets

	2025	2024
Liabilities		
Accounts payable and accrued expenses	$ 5,097,263	$ 5,774,646
Accrued compensation and benefits	4,068,310	3,650,485
Deferred conference registrations, memberships and subscriptions	1,323,607	145,946
Deferred contract revenue	224,031	126,933
Lease liability	5,326,505	5,912,031
Total liabilities	16,039,716	15,610,041
Commitments and contingencies		
Net assets		
Without donor restrictions		
Undesignated	39,059,350	36,873,490
Board-designated endowment	7,743,193	7,169,797
Total without donor restrictions	46,802,543	44,043,287
With donor restrictions		
Purpose restrictions	38,649,263	36,423,712
Time-restricted endowment	232,087	205,829
Perpetual in nature	448,444	448,444
Total with donor restrictions	39,329,794	37,077,985
Total net assets	86,132,337	81,121,272
Total liabilities and net assets	$ 102,172,053	$ 96,731,313

See Notes to Financial Statements.

ZERO TO THREE: National Center for Infants, Toddlers and Families

Statement of Activities
Year Ended September 30, 2025
(With Summarized Financial Information for the Year Ended September 30, 2024)

	Without donor restrictions	With donor restrictions	2025 Total	2024 Total
Operating revenue and support				
HealthySteps grants, contributions and contracts	$ 1,454,054	$ 9,312,015	$ 10,766,069	$ 2,278,565
Federal and state government grants and contracts	30,416,188	-	30,416,188	29,385,120
Private grants, contributions and contracts	2,489,783	18,631,802	21,121,585	12,772,561
Conference income	210	-	210	1,348,127
Training and consulting fees	717,986	-	717,986	803,872
Resource sales	474,005	-	474,005	473,632
Investment earnings transferred to operations	600,250	-	600,250	600,250
Memberships and subscriptions	176,255	-	176,255	204,996
Other revenue	89,585	-	89,585	138,455
Interest and dividend income on cash equivalents	1,757,786	-	1,757,786	1,690,979
Net assets released from restrictions				
Satisfaction of program restrictions	25,718,265	(25,718,265)	-	-
Total operating revenue and support	63,894,367	2,225,552	66,119,919	49,696,557
Expenses				
Program services				
Safe Babies	9,337,068	-	9,337,068	14,407,197
National Center on Early Childhood Development, Teaching, and Learning	10,653,616	-	10,653,616	10,269,547
Early Childhood Development Health	5,546,014	-	5,546,014	-
HealthySteps	11,486,310	-	11,486,310	10,347,316
Policy Center	7,029,722	-	7,029,722	5,615,566
Professional Innovations	2,250,137	-	2,250,137	3,580,398
Federal Systems Technical Assistance	1,041,087	-	1,041,087	1,432,235
Communications	564,789	-	564,789	594,432
Military Families	468,281	-	468,281	413,200
Parenting Resources	427,975	-	427,975	653,988
Leadership Development	242,256	-	242,256	582,558
California Office Policy Analysis and Program Consultation	131,491	-	131,491	35,040
Other Programs	1,932,607	-	1,932,607	1,068,584
Total program services	51,111,353	-	51,111,353	49,000,061
Supporting services				
General and administrative	10,240,164	-	10,240,164	9,826,756
Fundraising and development	1,237,560	-	1,237,560	866,774
Total supporting services	11,477,724	-	11,477,724	10,693,530
Total expenses	62,589,077	-	62,589,077	59,693,591
Change in net assets from operating activities	1,305,290	2,225,552	3,530,842	(9,997,034)
Nonoperating activities				
Investment income, net of earnings transferred to operations and investment fees	1,453,966	26,257	1,480,223	3,858,767
Change in net assets	2,759,256	2,251,809	5,011,065	(6,138,267)
Net assets at beginning of year	44,043,287	37,077,985	81,121,272	87,259,539
Net assets at end of year	$ 46,802,543	$ 39,329,794	$ 86,132,337	$ 81,121,272

See Notes to Financial Statements.

ZERO TO THREE: National Center for Infants, Toddlers and Families

Statement of Functional Expenses
Year Ended September 30, 2025
(With Summarized Financial Information for the Year Ended September 30, 2024)

	Program services									
	Safe Babies	National Center on Early Childhood Development, Teaching, and Learning	Early Childhood Development Health	HealthySteps	Policy Center	Professional Innovations	Federal Systems Technical Assistance	Communications	Military Families	Parenting Resources
Expenses										
Salaries	$ 4,220,846	$ 3,231,846	$ 713,306	$ 4,910,760	$ 3,190,206	$ 1,121,579	$ 722,869	$ 81,749	$ 326,739	$ 274,474
Contracted services	618,726	1,241,031	361,567	2,256,256	1,522,698	289,898	48,851	354,701	30,706	51,175
Subcontracts	2,586,879	4,404,043	4,161,185	2,706,282	466,000	-	-	-	-	-
Fringe benefits	1,202,941	921,076	203,292	1,399,566	909,209	319,650	206,018	23,298	93,121	78,225
Software and information technology	18,708	282,196	9,688	120,776	32,020	57,283	4,836	45,781	1,810	772
Travel	519,734	243,273	81,431	72,010	484,429	50,080	46,420	4,963	14,476	13,778
Occupancy and facilities	1,410	12,729	-	-	6,906	603	-	2,202	-	-
Other operating expenses	10,885	13,658	2,238	7,457	4,921	159,346	-	863	-	1,250
Communications	31,537	35,370	3,809	1,990	29,852	238,520	1,193	46,937	1,080	2,969
Supplies	21,792	6,482	4,173	3,205	4,971	1,937	2,662	1,533	285	4,956
Printing, copying, and publications	6,153	64,640	1,579	3,986	34,392	5,808	2,146	2,119	-	180
Meeting expenses	97,457	197,272	3,746	4,022	344,118	5,433	6,092	643	64	196
Total expenses	$ 9,337,068	$ 10,653,616	$ 5,546,014	$ 11,486,310	$ 7,029,722	$ 2,250,137	$ 1,041,087	$ 564,789	$ 468,281	$ 427,975

ZERO TO THREE: National Center for Infants, Toddlers and Families

Statement of Functional Expenses
Year Ended September 30, 2025
(With Summarized Financial Information for the Year Ended September 30, 2024)

	Program services (continued)				Supporting services				
	Leadership Development	California Office Policy Analysis and Program Consultation	Other Programs	Total program services	General and administrative	Fundraising and development	Total supporting services	2025 total	2024 total
Expenses									
Salaries	$ 70,497	$ 99,124	$ 877,495	$ 19,841,490	$ 5,665,692	$ 769,005	$ 6,434,697	$ 26,276,187	$ 24,506,878
Contracted services	56,700	6	767,700	7,600,015	1,790,474	165,234	1,955,708	9,555,723	8,749,707
Subcontracts	3,600	-	-	14,327,989	-	-	-	14,327,989	12,559,469
Fringe benefits	20,092	28,250	250,086	5,654,824	789,595	219,166	1,008,761	6,663,585	6,400,791
Software and information technology	1,331	225	1,643	577,069	745,077	25,015	770,092	1,347,161	1,362,392
Travel	33,483	3,468	24,240	1,591,785	99,612	11,438	111,050	1,702,835	1,761,100
Occupancy and facilities	-	-	-	23,850	723,386	1,311	724,697	748,547	750,485
Other operating expenses	12	150	4,325	205,105	156,734	23,466	180,200	385,305	563,088
Communications	-	-	2,684	395,941	70,751	5,685	76,436	472,377	388,295
Supplies	177	268	622	53,063	57,909	4,834	62,743	115,806	230,955
Printing, copying, and publications	-	-	2,341	123,344	27,779	11,900	39,679	163,023	203,665
Meeting expenses	56,364	-	1,471	716,878	113,155	506	113,661	830,539	2,216,766
Total expenses	$ 242,256	$ 131,491	$ 1,932,607	$ 51,111,353	$ 10,240,164	$ 1,237,560	$ 11,477,724	$ 62,589,077	$ 59,693,591

See Notes to Financial Statements.

ZERO TO THREE: National Center for Infants, Toddlers and Families

Statement of Cash Flows
Year Ended September 30, 2025
(With Summarized Financial Information for the Year Ended September 30, 2024)

	2025	2024
Cash flows from operating activities		
Change in net assets	$ 5,011,065	$ (6,138,267)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	222,987	259,282
Right-of-use asset amortization	365,888	358,009
Loss on disposal of property and equipment	3,507	-
Unrealized gain on investments	(1,222,102)	(2,714,125)
Realized gain on sales of investments	(20,108)	(922,711)
Increase (decrease) in allowance for credit losses on accounts receivable	32,952	(15,852)
Change in discount on other grants, contributions and contracts receivable	9,063	23,511
Changes in		
Federal and state government grants and contracts receivable	381,997	(1,577,422)
Other grants, contributions and contracts receivable	2,421,381	2,660,048
Accounts receivable	42,295	(130,892)
Prepaid expenses and other assets	(548,285)	(504,406)
Inventory	(9,188)	110,161
Accounts payable and accrued expenses	(677,383)	1,645,170
Accrued compensation and benefits	417,825	743,454
Deferred conference registrations, membership and subscriptions	1,177,661	45,218
Deferred contract revenue	97,098	126,933
Lease liability	(585,526)	(510,580)
Net cash provided by (used in) operating activities	7,121,127	(6,542,469)
Cash flows from investing activities		
Purchase of investments	(3,156,981)	(21,690,373)
Proceeds from sale of investments	2,677,644	17,627,412
Purchases of property and equipment	-	(10,307)
Net cash used in investing activities	(479,337)	(4,073,268)
Net increase (decrease) in cash and cash equivalents	6,641,790	(10,615,737)
Cash and cash equivalents, beginning	47,641,571	58,257,308
Cash and cash equivalents, end	$ 54,283,361	$ 47,641,571

See Notes to Financial Statements.

Note 1 - Organization and summary of significant accounting policies

Organization

ZERO TO THREE: National Center for Infants, Toddlers and Families ("ZERO TO THREE") is a nonprofit organization whose mission is to ensure that all babies and toddlers have a strong start in life. ZERO TO THREE works to help babies and toddlers benefit from family and community connections critical to their well-being and development. Since 1977, the organization has advanced the proven power of nurturing relationships by transforming the science of early childhood into helpful resources, practical tools and responsive policies for millions of parents, professionals and policy makers.

ZERO TO THREE conducts several programs to accomplish its mission. Each of the following focus areas are included under program services in the accompanying statement of functional expenses.

Safe Babies: The Safe Babies program prevents maltreatment and neglect of infants and toddlers and strives to keep families together. By leveraging early childhood development science, it strengthens parent-child relationships impacted by economic, social, and health-related hardships. Safe Babies builds coordinated systems that empower families to thrive.

A component of the Safe Babies program is the Evidence to Impact Center which strengthens the evidence base driving the development of equitable early childhood systems that help remove barriers for families and advance developmental health services.

National Center on Early Childhood Development, Teaching, and Learning ("NC-ECDTL"): The NC-ECDTL promotes evidence-based practices to achieve positive outcomes for children in age 0-5 early childhood programs. Through a five-year grant, it addresses training and technical assistance needs for Head Start and childcare systems. The center ensures culturally and linguistically responsive practices and professional development for educators.

Early Childhood Development Health: ZERO TO THREE's Early Childhood Development Health program focuses on building early childhood systems to improve and strengthen the health and well-being of babies and toddlers. The program provides resources, training, and technical assistance to professionals and families to support comprehensive health and well-being during the critical first three years of life.

HealthySteps: HealthySteps is an evidence-based program in pediatric primary care supporting the health, well-being, and school readiness of babies and toddlers, focusing on families in low-income communities.

Policy Center: ZERO TO THREE's Policy Center emphasizes equity and advocates nationally for policies that support infants, toddlers, and their families. The center promotes health, strong families, and early learning through various initiatives including paid family leave, childcare, and income tax credits.

Professional Innovations: ZERO TO THREE offers competency-based professional development and technical assistance to elevate the early childhood workforce. Training and educational events meet evolving industry standards and enhance skills for early childhood professionals.

Federal Systems Technical Assistance (THRIVE): The THRIVE team supports Tribal Home Visiting grantees in implementing high-quality programs for American Indian and Alaska Native families. They strengthen integrated early childhood systems and enhance capacity in tribal communities.

Communications: The Communications team builds awareness of ZERO TO THREE's mission by managing the brand, creating impactful content, and fostering stakeholder engagement. It uses digital platforms to highlight the organization's programs and drive support.

Military Families: ZERO TO THREE develops resources to support the health and development of infants and toddlers in military-connected families including parent tools and professional development for global military family support teams.

Parenting Resources: The Parenting Resources program provides caregivers with evidence-based tools and information to support infant and toddler development.

Leadership Development: The ZERO TO THREE Fellowship is an 18-month professional development program for global early childhood professionals. Participants engage in retreats, workshops, and coaching to advance their leadership skills.

California Office Policy Analysis & Program Consultation: This program customizes national initiatives for the state of California, advocating for policy changes and supporting parents, leaders, and learning systems through training and consultation.

Other Programs - Pediatrics Supporting Parents ("PSP"): The PSP program enhances pediatric practices that improve outcomes for young children and families. ZERO TO THREE manages and facilitates learning communities, supports consensus decision-making for the PSP Governance Body, provides one-on-one support to five Proof Point Communities, and is the primary organization for the PSP funder collaborative.

Other Programs - Child Trends: ZERO TO THREE is a core partner and technical assistance leader for the National Early Care and Education ("ECE") Workforce Center which supports state and local leaders in advancing policies that improve workforce compensation and career paths. Through a research-to-practice approach, it promotes equitable solutions aligned with the broader efforts of the Administration for Children and Families to support early educators.

Cash and cash equivalents

ZERO TO THREE considers all highly-liquid financial instruments with original maturities of three months or less, which are held for operating purposes to be cash equivalents.

Receivables

Receivables include Federal and state government grant and contract receivables, including unbilled receivables, contributions receivable, and trade receivables. ZERO TO THREE determines the allowance for credit losses based on a review of the net amount expected to be collected as of the statement of financial position date based on the credit losses expected to arise over the life of the receivable. Accounts receivable are written off when deemed uncollectable. At September 30, 2025, the allowance was $55,000. Credit loss expense was $35,953 for the year ended September 30, 2025, which is included in other operating expenses in the accompanying statement of functional expenses. Receivables from contracts with customers are reported as accounts receivable, net in the accompanying statement of financial position.

Inventory

Inventory consists of published books, tools and work in process on certain publications. Inventory is stated at the lower of cost or net realizable value and is calculated using the first-in, first-out method of accounting.

Investments

Investment transactions are recorded on a trade-date basis and are reported in the accompanying financial statements at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Interest and dividend income is recorded as earned. Realized gains and losses are determined by a comparison of average costs at the investment's acquisition to the proceeds at the time of its sale. Unrealized gains and losses are determined by a comparison of the investment's average acquisition cost to its fair value at year-end.

Fair value measurement

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America ("GAAP") and requires disclosures about fair value measurements for assets and liabilities measured at fair value on a recurring basis. The ASC emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and therefore a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the ASC established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby market participant assumptions are developed based on market data obtained from independent sources, or unobservable, whereby assumptions are developed by the reporting entity based on the best information available in the circumstances.

The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 - Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of September 30, 2025, only ZERO TO THREE's investments and the assets and liability related to the deferred compensation plan were measured at fair value on a recurring basis and subject to FASB ASC Topic 820, as described in Note 5.

Property and equipment and related depreciation and amortization

Property and equipment acquisitions totaling $5,000 and over and with an economic life in excess of one year are capitalized and are depreciated using the straight-line method over three to 10 years, with no salvage value. Leasehold improvements are stated at cost and are amortized using the straight-line method over the shorter of the remaining lease period or the useful life of the improvements. Expenditures for major repairs and improvements that extend the life of the asset are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation and amortization are eliminated from the respective accounts, and the resulting gain or loss is included in revenue or expenses. The loss on the disposal of property and equipment for the year ended September 30, 2025 was $3,507, which is included in occupancy and facilities expense in the accompanying statement of functional expenses.

Impairment of long-lived assets
In accordance with FASB ASC Topic 360, *Property, Plant, and Equipment*, long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. As of September 30, 2025, no impairment exists for long-lived assets.

Right-of-use asset and lease liability
ZERO TO THREE determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use ("ROU") assets and lease liabilities in the statement of financial position. The ROU asset and lease liability are recognized at the commencement date of the lease agreement based on the present value of lease payments over the lease term using an appropriate discount rate and are adjusted for lease incentives. As the rate implicit in the lease is generally not readily determinable, ZERO TO THREE has elected to use a risk-free rate as the discount rate. The ROU asset is amortized on a straight-line basis over the lease term and is reflected as occupancy and facilities expense in the accompanying statement of functional expenses. The lease liability is reduced as cash payments are made under the terms of the lease. Rent expense is recognized on a straight-line basis over the lease term. Short-term operating leases, which have an initial term of 12 months or less, are not recorded on the statement of financial position. Instead, the lease payments of those leases are reported as occupancy expense on a straight-line basis over the lease term.

Classification of net assets
ZERO TO THREE's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that is available for any purpose in performing the primary objectives of ZERO TO THREE at the discretion of ZERO TO THREE's management and the Board of Directors (the "Board"). From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of ZERO TO THREE or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Revenue recognition
ZERO TO THREE recognizes unconditional contributed support in the reporting period in which the commitment is made. Grants and support are considered to be available for general operations unless specifically restricted by the donor. ZERO TO THREE reports unconditional grants of cash and other assets as donor-restricted revenue and support if they are received with donor stipulations that limit the use of the donated assets to a particular purpose or to future periods. When the stipulated time restriction ends or the purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Contributions receivable are discounted to net present value if due beyond one year, unless such discount is insignificant.

Conditional contributions receivable - that is, those with a measurable performance or other barriers and a right of return - are not recognized until the conditions on which they depend have been met. ZERO TO THREE has grants with the U.S. federal government, state government agencies and other organizations conditioned upon certain requirements. Revenue recognized on grants for which payments have not been received is reflected as federal and state government grants and contracts receivable in the accompanying statement of financial position. Grant awards received in advance, but not yet expended, are reflected as refundable advances in the accompanying statement of financial position, if any.

ZERO TO THREE also has fixed-price contracts with the U.S. federal government, state government agencies and private companies in exchange for services. These contracts contain performance obligations, and revenue under these contracts is recognized at the point in time that the performance obligations are provided under the contract. Revenue recognized on fixed-price contracts for which payments have not been received is included in federal and state government grants and contracts receivable in the accompanying statement of financial position. Contract payments received but not yet expended for the purpose of the contract are reflected as deferred contract revenue in the accompanying statement of financial position. Deferred contract revenues are short-term in nature and are recognized as contract revenue in the following fiscal year.

ZERO TO THREE holds an annual conference for professionals working with families with children prenatal through age three. Revenue from this conference consists of conference registrations, exhibitor fees and sponsorship fees and is recognized in the year in which the conference is held.

Training and consulting fees relate to customized trainings developed by ZERO TO THREE in accordance with agreements. The delivery of the training is the primary performance obligation and therefore the revenue is recognized at the point in time the training program is held.

Revenue from resource sales of published books is recognized when the product is delivered.

Memberships and subscriptions revenue is recognized ratably over the membership or subscription agreement period. Member and subscription benefits are considered a bundled group of performance obligations that are delivered throughout the agreement period.

Other revenue consists mainly of honoraria recognized at the point in time the related event took place and refunds/rebates recognized at the point in time ZERO TO THREE was notified of the refund/rebate.

Receipts collected that relate to the conference, memberships and subscriptions and are applicable to a future period are reported as deferred conference registrations, memberships and subscriptions in the accompanying statement of financial position.

Contract balances
The timing of revenue recognition, billings, and cash collections results in billed accounts receivable (contract assets) and customer advances and deposits (contract liabilities) on the statement of financial position.

	2025	2024	2023
Federal and state government contracts receivable, net of unbilled	$ 388,852	$ 381,707	$ 801,522
Accounts receivable, net	593,895	669,142	522,398
Deferred conference registrations, memberships and subscriptions	1,323,607	145,946	100,728
Deferred contract revenue	224,031	126,933	-

Measure of operations
ZERO TO THREE includes in its definition of operations all revenue and support that are an integral part of its programs and supporting activities. Also, included in operations are interest and dividend income earned on short-term investments that are not part of the endowment fund and the aggregate authorized payout of endowment earnings. Interest and dividend income earned on long-term investments and realized and unrealized gains and losses on investments in excess of ZERO TO THREE's aggregate authorized payout to operations are considered to be nonoperating in nature.

Functional allocation of expenses
The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributed to a specific functional area are reported as expenses of those functional areas. ZERO TO THREE allocates rent related to the Washington, D.C. office based on the full-time equivalent of D.C.-based personnel for each program and supporting service. Salaries are allocated based on actual time incurred. Leave is allocated using the ratio of monthly leave dollars to total non-leave salary dollars, and fringe is applied at the approved Negotiated Indirect Cost Rate Agreement fringe rate percentage.

Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Note 2 - Receivables

As of September 30, 2025, ZERO TO THREE had receivables from federal and state government grants and contracts totaling $7,053,569 that included unbilled receivables of $6,664,717. All billed and unbilled receivable amounts were deemed to be fully collectible.

As of September 30, 2025, foundations, individuals, and corporate contributors to ZERO TO THREE had unconditionally promised to give another $3,964,054 to be used for particular programs and general support in the coming years. Other grants, contributions and contracts receivable were to be collected as follows:

Less than one year	$ 236,558
One to five years	3,727,496
	3,964,054
Less discount on multiyear grants	(34,749)
	$ 3,929,305

All amounts were deemed to be fully collectible. The discount rates used to calculate the discount component were 3.60% and 3.66% for the year ended September 30, 2025.

Note 3 - Conditional revenue

As of September 30, 2025, ZERO TO THREE had the following conditional grants receivable which are not reflected in the accompanying statement of financial position:

National Center on Early Childhood Development Teaching and Learning	$ 14,866,119
Safe Babies	10,339,177
Policy Center	1,777,966
Parenting Resources	85,042
	$ 27,068,304

ZERO TO THREE records revenue and support on these conditional grants as the conditions are met; therefore, ZERO TO THREE has not recognized any revenue and support from the conditional portions of these grants.

Note 4 - Investments

Investments, at fair value, consisted of the following as of September 30, 2025:

Bond mutual funds	$ 14,128,917
Equity mutual funds and exchange-traded funds	14,761,595
Money market funds	581,027
Multi asset mutual funds	894,732
	$ 30,366,271

Investment income is summarized as follows for the year ended September 30, 2025:

Interest and dividends	$ 912,286
Unrealized gain	1,222,102
Realized gain	20,108
Investment fees	(74,023)
	$ 2,080,473

Investment income is reported in the accompanying statement of activities as follows:

Transfer to operations from endowment earnings	$ 9,500
Transfer to operations from investment income - without donor restrictions and undesignated	590,750
Investment earnings transferred to operations	600,250
Nonoperating activities	
Investment income - excluding endowment	1,471,319
Investment income - endowment	609,154
Endowment returns appropriated for operations	(9,500)
Investment returns appropriated for operations - without donor restrictions and undesignated	(590,750)
Total nonoperating activities	1,480,223
	$ 2,080,473

Note 5 - Fair value measurement

The following table summarizes ZERO TO THREE's assets measured at fair value on a recurring basis as of September 30, 2025:

	Total fair value	Quoted prices in active markets for identical assets/liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value				
Bond mutual funds	$ 14,128,917	$ 14,128,917	$ -	$ -
Equity mutual funds and exchange-traded funds				
Domestic equity funds	7,854,069	7,854,069	-	-
International equity funds	4,837,171	4,837,171	-	-
Real estate	2,070,355	2,070,355	-	-
Total equity mutual funds and exchange-traded funds	14,761,595	14,761,595	-	-
Money market funds	581,027	581,027	-	-
Multi asset mutual funds	894,732	894,732	-	-
Total assets at fair value	$ 30,366,271	$ 30,366,271	$ -	$ -
Liabilities measured at fair value				
Deferred compensation plan	$ 894,732	$ -	$ 894,732	$ -

ZERO TO THREE estimated the fair value of these assets using quoted market prices in active markets. The deferred compensation plan liability, which is included in accrued compensation and benefits in the accompanying statement of financial position, was valued based on the fair value of investments corresponding to the employee's investment selections plus the value of cash accruals for amounts not yet transferred to the plan assets, if any.

Note 6 - Property and equipment and related depreciation and amortization

ZERO TO THREE held the following property and equipment as of September 30, 2025:

Leasehold improvements	$ 1,172,637
Software	448,790
Computer equipment	238,958
Furniture and fixtures	200,680
	2,061,065
Less accumulated depreciation and amortization	(1,052,386)
	$ 1,008,679

Depreciation and amortization expense, which is included in occupancy and facilities expense in the accompanying statement of functional expenses, was $222,987 for the year ended September 30, 2025.

Note 7 - Right-of-use asset and lease liability

ZERO TO THREE evaluated current contracts to determine which met the criteria of a lease. The ROU assets represent ZERO TO THREE's right to use underlying assets for the lease term, and the lease liabilities represent ZERO TO THREE's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease term. ZERO TO THREE has made an accounting policy election to use a risk-free rate of 1.51% in lieu of its incremental borrowing rate to discount future lease payments.

On June 9, 2021, ZERO TO THREE entered into a noncancelable operating lease for office space for its headquarters in Washington, D.C. The lease term is for the period January 1, 2022 through December 31, 2033. The lease has an option for renewal, at ZERO TO THREE's election, for which management is not reasonably certain to exercise. Therefore, the payments associated with the extension are not included in the ROU asset nor the lease liability recognized as of September 30, 2025.

As part of the lease agreement, ZERO TO THREE paid a security deposit of $48,215, which is included in prepaid expenses and other assets on the statement of financial position in the accompanying financial statements.

For the year ended September 30, 2025, total operating lease expense was $451,612, which is included in occupancy and facilities expense in the accompanying statement of functional expenses. Cash paid for operating leases for the year ended September 30, 2025 totaled $671,249.

The maturities of operating lease liabilities subsequent to September 30, 2025 and thereafter were as follows:

For the year ending September 30,	
2026	$ 582,919
2027	650,758
2028	667,055
2029	683,737
2030	700,805
Thereafter	2,399,081
	5,684,355
Less present value discount	(357,850)
	$ 5,326,505

Other lease information:

Weighted-average annual discount rate	1.51%
Weight-average remaining lease term (years)	8.25

Note 8 - Net assets

ZERO TO THREE's net assets without donor restrictions are composed of undesignated amounts and board-designated endowment funds. As of September 30, 2025, ZERO TO THREE's net assets without donor restrictions were as follows:

Undesignated	$ 39,059,350
Board-designated endowment	7,743,193
	$ 46,802,543

The board-designated net assets were instituted to provide funding for various strategic initiatives of ZERO TO THREE.

Net assets with donor restrictions

As of September 30, 2025, net assets with donor restrictions were restricted for the following purposes or period:

Subject to expenditure for specified purpose	
Programs	
Policy Center	$ 5,879,978
HealthySteps	23,356,378
Safe Babies	3,356,378
Parenting Resources	2,090,735
Leadership Development	190,852
Communciation Projects	89,172
Development	1,000,000
Other	2,685,770
	38,649,263
Subject to occurrence of passage of time	
Time-restricted endowment	232,087
	232,087
Subject to donor restriction in perpetuity	
Endowment	448,444
	448,444
	$ 39,329,794

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors.

The interest earned on the endowment fund is available for use in supporting the general activities of ZERO TO THREE.

Note 9 - Availability and liquidity

ZERO TO THREE regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. ZERO TO THREE's financial assets available within one year of the statement of financial position date for general expenditures at September 30, 2025, were as follows:

Cash and cash equivalents	$ 54,283,361
Federal and state government grants and contracts receivable	7,053,569
Other grants, contributions and contracts receivable	3,929,305
Accounts receivable	593,895
Investments	30,366,271
	96,226,401
Less:	
Amounts unavailable for general expenditures within one year due to donor's purpose or time restriction	(39,329,794)
Amounts unavailable to management without Board approval	(7,743,193)
Investments for deferred compensation plan	(894,732)
	$ 48,258,682

ZERO TO THREE has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of ZERO TO THREE throughout the year. This is done through monitoring and reviewing ZERO TO THREE's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of ZERO TO THREE's cash flow related to it's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. To help manage unanticipated liquidity needs, ZERO TO THREE has board-designated net assets that could be available for current operations with Board approval, if necessary.

Note 10 - Commitments, risks and contingencies

Line of credit

ZERO TO THREE had a $1,000,000 revolving line of credit with a bank dated August 4, 2014. The line of credit had a maturity date of February 28, 2025 and was not renewed. Funds drawn against this line of credit accrued interest at the Bloomberg Short-Term Bank Yield Index plus 1.6% and were secured by the deposits and investments of ZERO TO THREE at Truist Bank. Through the date of maturity of the line of credit, ZERO TO THREE had no outstanding balance on the line of credit.

Compliance audit
ZERO TO THREE has received federal grants that are subject to review, audit and adjustment by various federal agencies for qualified expenses charged to the grants. Such audits could lead to requests for reimbursement to the federal agencies for any expenditures or claims disallowed under the terms of the agreements. The amount of expenditures which may be disallowed by the federal agencies cannot be determined at this time, although ZERO TO THREE expects such amounts, if any, to be insignificant.

Concentration of credit risk
ZERO TO THREE's cash is held in accounts at creditworthy financial institutions. While the amounts, at times, exceed the amount guaranteed by various agencies and insurers, and therefore bear some risk, ZERO TO THREE has never experienced, nor does management anticipate, any losses on its funds. As of September 30, 2025, the cash balance exceeding the Federal Deposit Insurance Corporation's insured limit of $250,000 per depositor was $53,737,321.

Concentration of risk
During the year ended September 30, 2025, ZERO TO THREE earned revenue of $30,416,188 from a diversified set of U.S. federal government and state government agencies through both conditional grants and fixed-price contracts. Revenue was earned from the U.S. Department of Health and Human Services and the U.S. Department of Defense, in addition to several state government agencies. Revenue earned from the U.S. federal government and state government agencies represented approximately 46% of the total operating revenue and support recognized by ZERO TO THREE for the year ended September 30, 2025. If a significant reduction in funding from these federal and state government agencies occurs, it may adversely impact ZERO TO THREE's financial position and ability to carry out its program activities.

Employment agreement
ZERO TO THREE signed an employment agreement with its Executive Director on January 1, 2010. The agreement was amended effective January 1, 2020, to continue through December 31, 2027. Under the terms of the agreement, if ZERO TO THREE terminates the agreement for reasons other than cause, the Executive Director is entitled to receive severance pay in the amount of one month's salary, up to 12 months, for each year of employment.

Contractual commitments
ZERO TO THREE has entered into various letters of agreement for commitments for hotel accommodations and meeting rooms for its future planned conferences. In the event ZERO TO THREE were to cancel these conferences or fail to use a specified percentage of the total space reserved, ZERO TO THREE would be required to pay liquidated damages based upon the date the facility was notified of the cancellation or reduction in requested rooms as well as the facility's ability to fill the resulting vacancies.

Note 11 - Endowment funds

ZERO TO THREE's endowment consists of individual donor-restricted funds established for the purpose of generating earnings to support general activities. In addition, there are funds internally designated by the Board to function as endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

ZERO TO THREE's policy is to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. ZERO TO THREE's Board has interpreted the District of Columbia's Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as allowing ZERO TO THREE to appropriate for expenditure or accumulate so much of an endowment fund as ZERO TO THREE determines is prudent. As a result of this interpretation, ZERO TO THREE classifies as net assets with donor restrictions a) the original value of gifts donated to the donor-restricted endowment; (b) the original value of subsequent gifts to the donor-restricted endowment; and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Investment income from the donor-restricted endowment is classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by ZERO TO THREE in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, ZERO TO THREE considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the organization; and
- The investment policies of the organization.

Endowment composition and activity
ZERO TO THREE's endowment net asset composition by fund type was as follows as of September 30, 2025:

	Without donor restrictions	With donor restrictions	Total
Board-designated endowment	$ 7,743,193	$ -	$ 7,743,193
Donor-restricted endowment			
Historical gift value	-	448,444	448,444
Appreciation	-	232,087	232,087
	$ 7,743,193	$ 680,531	$ 8,423,724

For the year ended September 30, 2025, the endowment funds had the following activity:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 7,169,797	$ 654,273	$ 7,824,070
Investment earnings, net	558,214	50,940	609,154
Contributions	-	-	-
Transfers	15,182	(15,182)	-
Amounts appropriated for expenditure	-	(9,500)	(9,500)
	$ 7,743,193	$ 680,531	$ 8,423,724

Investment objectives and risk parameters
ZERO TO THREE has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Investment Committee of the Board, the endowment assets are invested in a manner that is intended to create a diversified investment program in order to provide return opportunities that are consistent with ZERO TO THREE's risk tolerance.

Strategies employed for achieving objectives
ZERO TO THREE's investment policy governs the management of investments for operating reserves as well as intermediate-term and long-term investments that comprise the endowment assets. It defines general investment principles; identifies duties and responsibilities; and specifies investment objectives, goals, allowable assets, and asset allocations.

Spending policy
The investment policy provides for reasonable and prudent spending from the long-term fund on an annual basis to support ZERO TO THREE's general operations. The spending rule for the long-term fund is to spend no more than 3.5% of the average market value of the long-term fund over the prior four years.

Funds with deficiencies

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the level that the donor or UPMIFA requires ZERO TO THREE to retain as a fund of perpetual duration. There were no fund deficiencies as of September 30, 2025. ZERO TO THREE's policy is to continue to appropriate funds from deficient donor-restricted endowments in accordance with the fund's spending policy.

Note 12 - Pension plans

Pursuant to Section 403(b) of the Internal Revenue Code (the "IRC"), ZERO TO THREE sponsors a defined contribution retirement plan that is available to all eligible employees. Under the 403(b) plan, eligible employees may elect to contribute up to the federal tax limitation. The plan provides for an employer contribution equal to 6% of the salary of all eligible employees. Employer contributions are made on behalf of employees with at least 12 months of service. Employees who have completed 10 years of service receive an additional 2% of their earnings, for a total contribution of 8%. Both employer and employee contributions are fully vested. Pension expense was $1,368,520 for the year ended September 30, 2025, and is included in fringe benefits in the accompanying statement of functional expenses.

Effective January 1, 2020, ZERO TO THREE adopted a new Section 457(b) deferred compensation plan for its eligible executives under the IRC Section 457(b). ZERO TO THREE makes nonelective contributions which are fully vested and nonforfeitable under the plan. Contributions of $145,093 were made during the year ended September 30, 2025. Amounts are included in fringe benefits in the accompanying statement of functional expenses. The asset and liability for the vested deferred compensation at September 30, 2025 of $894,732 is included in investments and accrued compensation and benefits in the accompanying statement of financial position.

Note 13 - Income taxes

Under Section 501(c)(3) of the IRC, ZERO TO THREE is exempt from the payment of taxes on income other than net unrelated business income. For the year ended September 30, 2025, no provision for income taxes was made, as ZERO TO THREE had no significant unrelated business income.

ZERO TO THREE follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. ZERO TO THREE evaluated its uncertainty in income taxes for the year ended September 30, 2025, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of September 30, 2025, there are no tax examinations pending or in process. It is ZERO TO THREE's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of September 30, 2025, ZERO TO THREE had no accruals for interest and/or penalties. Tax years prior to 2022 are no longer subject to examination by the IRS or the tax jurisdiction of the District of Columbia.

Note 14 - Prior year summarized financial information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class or functional area. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with ZERO TO THREE's financial statements for the year ended September 30, 2024, from which the summarized financial information was derived.

Note 15 - Subsequent events

In preparing these financial statements, ZERO TO THREE has evaluated events and transactions for potential recognition or disclosure through February 13, 2026, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these financial statements.

Supplementary Information

ZERO TO THREE: National Center for Infants, Toddlers and Families

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

Federal grantor/ pass through grantor/ program or cluster title	Federal assistance listing number	Pass-through award number	Provided to subrecipients	Total federal expenditures
U.S. Department of Health and Human Services:				
Head Start Cluster				
Head Start	93.600	N/A	$ 4,404,043	$ 12,144,714
Head Start - Pass-through from University of Massachusetts Amherst	93.600	90HC000023-03	-	204,911
Total Head Start Cluster			4,404,043	12,349,625
CCDF Cluster				
Child Care and Development Block Grant - Pass-through from Arkansas Pilot Court Team for Maltreated Infants and Toddlers	93.575	4600040162	-	521,099
Child Care and Development Block Grant - Pass-through from Child Trends	93.575	17273.ZT3.01	-	1,038,930
Total CCDF Cluster			-	1,560,029
Maternal and Child Health Federal Consolidated Programs	93.110	N/A	6,494,276	13,465,441
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects - Pass-through from Generations United	93.048	90TAKG0001-02-00	-	105,000
Substance Abuse and Mental Health Services Projects of Regional and National Significance - Pass-through from Georgetown University	93.243	H79SM082070	-	324,232
Total Expenditures of Federal Awards			$ 10,898,319	$ 27,804,327

See Notes to Schedule of Expenditures of Federal Awards.

Notes to Schedule of Expenditures of Federal Awards
September 30, 2025

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of ZERO TO THREE: National Center for Infants, Toddlers and Families ("ZERO TO THREE") under programs of the federal government for the year ended September 30, 2025. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of ZERO TO THREE, it is not intended to and does not present the financial position, changes in net assets, or cash flows of ZERO TO THREE.

Note 2 - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect cost rates

ZERO TO THREE has elected not to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
ZERO TO THREE: National Center for Infants, Toddlers and Families

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 financial statements of ZERO TO THREE: National Center for Infants, Toddlers and Families ("ZERO TO THREE"), which comprise the statement of financial position as of September 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 February 13, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 ZERO TO THREE'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 entity'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.

CohnReznick LLP

Bethesda, Maryland
February 13, 2026

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
ZERO TO THREE: National Center for Infants, Toddlers and Families

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited ZERO TO THREE: National Center for Infants, Toddlers and Families' ("ZERO TO THREE") 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 ZERO TO THREE's major federal programs for the year ended September 30, 2025. ZERO TO THREE's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, ZERO TO THREE complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each 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 ZERO TO THREE 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 a legal determination of ZERO TO THREE'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 ZERO TO THREE'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 ZERO TO THREE'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 ZERO TO THREE's compliance with the requirements of each 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 ZERO TO THREE'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 ZERO TO THREE'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 ZERO TO THREE'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 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.

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.

CohnReznick LLP

Bethesda, Maryland
February 13, 2026

ZERO TO THREE: National Center for Infants, Toddlers and Families

Schedule of Findings and Questioned Costs
Year Ended September 30, 2025

A. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: 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 federal 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 federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? ______ Yes __X__ No

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
93.110	Maternal and Child Health Federal Consolidated Programs

Dollar threshold used to distinguish between Type A and Type B programs: $834,130

Auditee qualified as low-risk auditee __X__ Yes ______ No

Schedule of Findings and Questioned Costs
Year Ended September 30, 2025

B. Financial Statement Findings

None reported

C. Federal Award Findings and Questioned Costs

None reported

CohnReznick

Independent Member of Nexia

cohnreznick.com