

Center for Adoption Support and Education, Inc.

**Financial Statements
(With Supplementary Information)
Independent Auditor's Report,
and Additional Reports Required by
The Uniform Guidance**

**December 31, 2016
(With December 31, 2015 Summarized Comparative
Financial Information)**

Center for Adoption Support and Education, Inc.

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Independent Auditor's Report

To the Board of Directors
Center for Adoption Support & Education, Inc.
Burtonsville, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of Center for Adoption Support and Education, Inc. ("C.A.S.E."), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Adoption Support and Education, Inc. as of December 31, 2016, 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.

Prior Period Financial Information and Summarized Comparative Information

The financial statements of C.A.S.E. as of December 31, 2015 were audited by other auditors, whose report dated June 14, 2016 expressed an unmodified opinion on these statements. The summarized comparative information presented herein as of and for the year ended December 31, 2015, is derived from the financial statements audited by other auditors.

Other Matters

Other 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* ("CFR") 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2017 on our consideration of C.A.S.E.'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 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 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 C.A.S.E.'s internal control over financial reporting and compliance.



Bethesda, Maryland
June 29, 2017

Center for Adoption Support and Education, Inc.

Statement of Financial Position
December 31, 2016
(with Summarized Comparative Financial Information for 2015)

	<u>Assets</u>	
	<u>2016</u>	<u>2015</u>
Current assets		
Cash and cash equivalents	\$ 326,577	\$ 294,823
Investments	3,352	1,214
Accounts receivable	358,054	246,986
Inventory	8,539	11,673
Prepaid expenses	53,000	45,924
	<u>749,522</u>	<u>600,620</u>
Property and equipment, at cost		
Furniture and equipment	76,517	67,297
Leased equipment	76,221	76,221
Leasehold improvements	3,956	3,956
Website	68,695	57,310
	<u>225,389</u>	<u>204,784</u>
Less: Accumulated depreciation and amortization	<u>(109,178)</u>	<u>(77,263)</u>
	116,211	127,521
Other assets-deposits	<u>8,265</u>	<u>8,265</u>
	<u>\$ 873,998</u>	<u>\$ 736,406</u>

Center for Adoption Support and Education, Inc.

Statement of Financial Position
December 31, 2016
(with Summarized Comparative Financial Information for 2015)

Liabilities and Net Assets

	<u>2016</u>	<u>2015</u>
Current liabilities		
Capital lease obligations, current portion	\$ 14,539	\$ 14,039
Accounts payable and accrued liabilities	180,144	123,681
Accrued salaries and related benefits	161,706	115,072
Deferred revenue	41,750	25,000
Deferred rent abatement, current portion	14,030	8,663
	<u>412,169</u>	<u>286,455</u>
Total current liabilities	412,169	286,455
Long-term liabilities		
Capital lease obligations, net of current portion	33,254	47,793
Deferred rent abatement, net of current portion	47,898	61,928
	<u>81,152</u>	<u>109,721</u>
Total long-term liabilities	81,152	109,721
Total liabilities	493,321	396,176
Net assets		
Unrestricted	275,367	253,781
Temporarily restricted	105,310	86,449
	<u>380,677</u>	<u>340,230</u>
Total net assets	380,677	340,230
	<u>\$ 873,998</u>	<u>\$ 736,406</u>

See Notes to Financial Statements.

Center for Adoption Support and Education, Inc.

**Statement of Activities and Change in Net Assets
Year Ended December 31, 2016
(with Summarized Comparative Financial Information for 2015)**

	2016			2015
	Unrestricted	Temporarily restricted	Total	Total
Revenue and support				
Contributions	\$ 321,478	\$ -	\$ 321,478	\$ 431,852
Grants	2,594,553	328,325	2,922,878	2,067,959
Counseling	541,183	-	541,183	398,635
Trainings and publications	193,601	-	193,601	101,777
Contracts	66,735	-	66,735	34,386
Interest and investment income, net	1,271	-	1,271	332
Training adoption competency	140,095	-	140,095	106,031
Special events, net of direct expenses of \$114,169 for 2016 and \$88,134 for 2015	211,567	44,250	255,817	226,153
Other revenue	47,195	-	47,195	13,413
Net assets released - satisfaction of restrictions	353,714	(353,714)	-	-
Total revenue and support	4,471,392	18,861	4,490,253	3,380,538
Expenses				
Program services				
Counseling	1,348,762	-	1,348,762	1,070,513
Education and training	289,593	-	289,593	271,871
Publications	58,323	-	58,323	42,555
Training adoption competency	154,915	-	154,915	169,167
Youth development	167,902	-	167,902	217,263
National initiatives	1,761,153	-	1,761,153	928,398
Total program services	3,780,648	-	3,780,648	2,699,767
Supporting services				
General and administrative	507,433	-	507,433	567,516
Fundraising	161,725	-	161,725	107,083
Total supporting services	669,158	-	669,158	674,599
Total expenses	4,449,806	-	4,449,806	3,374,366
Change in net assets	21,586	18,861	40,447	6,172
Net assets at beginning of year	253,781	86,449	340,230	334,058
Net assets at end of year	<u>\$ 275,367</u>	<u>\$ 105,310</u>	<u>\$ 380,677</u>	<u>\$ 340,230</u>

See Notes to Financial Statements.

Center for Adoption Support and Education, Inc.

**Statement of Functional Expenses
Year Ended December 31, 2016
(with Summarized Comparative Financial Information for 2015)**

	Counseling	Education and training	Publications	Training adoption competency	Youth development	National initiatives	Total program services	General and administrative	Fundraising	Total supporting services	Total 2016	Total 2015
Salaries	\$ 833,325	\$ 84,782	\$ 10,819	\$ 21,893	\$ 90,329	\$ 411,685	\$ 1,452,833	\$ 309,500	\$ 95,380	\$ 404,880	\$ 1,857,713	\$ 1,485,597
Benefits	126,780	12,485	1,515	-	15,148	69,986	225,914	62,722	13,353	76,075	301,989	246,471
Communications	12,892	1,804	829	-	-	6,844	22,369	7,439	-	7,439	29,808	29,523
Occupancy	127,744	915	5,775	-	-	18,872	153,306	41,117	16,476	57,593	210,899	211,795
Depreciation and amortization	-	-	-	-	-	-	-	31,915	-	31,915	31,915	16,261
Equipment repairs and maintenance	14,598	-	-	-	-	8,090	22,688	15,190	105	15,295	37,983	55,274
Travel	19,466	2,502	-	4,983	13,760	109,377	150,088	11,178	2,346	13,524	163,612	100,853
Insurance	1,545	-	-	-	-	-	1,545	8,915	-	8,915	10,460	9,979
Interest	-	-	-	-	-	-	-	3,099	-	3,099	3,099	4,606
Consultants and professional services	120,199	3,900	-	49,835	22,360	6,410	202,704	103,083	18,492	121,575	324,279	211,019
Training	8,249	-	-	-	50	59	8,358	2,132	447	2,579	10,937	12,852
Postage and printing	1,845	62	3,209	67	1,543	5,123	11,849	8,949	5,077	14,026	25,875	20,416
Evaluation	11,955	22,728	-	40,020	-	-	74,703	-	-	-	74,703	97,879
Cost of goods sold	56	103	35,052	-	-	-	35,211	-	-	-	35,211	21,444
Office expenses	453	-	-	-	-	-	453	381	-	381	834	2,901
Supplies and materials	3,179	74	239	4,492	9,061	8,692	25,737	5,235	1,441	6,676	32,413	33,708
Partner payments	37,394	159,945	-	32,500	1,200	980,017	1,211,056	10,000	-	10,000	1,221,056	765,335
Advertising and marketing	2,833	125	-	625	2,170	3,733	9,486	11,649	1,677	13,326	22,812	9,902
Dues and subscriptions	4,386	-	-	-	103	1,272	5,761	3,122	2,255	5,377	11,138	5,659
Miscellaneous	1,156	168	885	500	257	-	2,966	35,428	4,676	40,104	43,070	32,892
Overhead Allocation	20,707	-	-	-	11,921	130,993	163,621	(163,621)	-	(163,621)	-	-
Total Expenses	\$ 1,348,762	\$ 289,593	\$ 58,323	\$ 154,915	\$ 167,902	\$ 1,761,153	\$ 3,780,648	\$ 507,433	\$ 161,725	\$ 669,158	\$ 4,449,806	\$ 3,374,366

See Notes to Financial Statements.

Center for Adoption Support and Education, Inc.

**Statement of Cash Flows
Year Ended December 31, 2016 and 2015**

	2016	2015
Cash flows from operating activities		
Change in net assets	\$ 40,447	\$ 6,172
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	31,915	16,261
Bad debt expense	670	2,986
Unrealized (gain) loss on investments	(885)	41
Change in:		-
Accounts receivable	(111,738)	(65,945)
Inventory	3,134	(3,504)
Prepaid expenses	(7,076)	(10,112)
Deposits	-	(4,750)
Accounts payable and accrued liabilities	56,463	57,754
Accrued salaries and related benefits	46,634	33,996
Deferred revenue	16,750	10,000
Deferred rent abatement	(8,663)	50,755
	67,651	93,654
Net cash provided by operating activities		
Cash flows from investing activities		
Purchases of property and equipment	(20,605)	(61,673)
Purchases of investments	(1,253)	(1,255)
Net cash used in investing activities	(21,858)	(62,928)
Cash flows from financing activities		
Payments on line of credit	(25,000)	(246,500)
Proceeds from line of credit	25,000	187,000
Payments on capital lease obligations	(14,039)	(16,668)
Net cash used in financing activities	(14,039)	(76,168)
Increase (decrease) in cash and cash equivalents	31,754	(45,442)
Cash and cash equivalents, beginning of year	294,823	340,265
Cash and cash equivalents, end of year	\$ 326,577	\$ 294,823
Supplemental cash flow information		
Interest paid	\$ 3,099	\$ 4,606
Non-Cash financing activity		
Capital lease obligation incurred for use of equipment	\$ -	\$ 76,221

See Notes to Financial Statements.

Center for Adoption Support and Education, Inc.

**Notes to Financial Statements
December 31, 2016 and 2015**

Note 1 - Organization and summary of significant accounting policies

Organization

Center for Adoption Support and Education, Inc. ("C.A.S.E.") was incorporated in 1998 to provide post-adoption counseling and educational services to families, educators, child welfare staff and mental health providers in the Maryland, Northern Virginia, and Washington D.C. areas, as well as being a national resource for families and professionals through its training, publications and consultations.

The program services provided by C.A.S.E. include:

Counseling - As a private, nonprofit support center for adoptive families, each year C.A.S.E. provides culturally sensitive mental health services to over 500 prospective adoptive parents, foster and adoptive youth/teens, adult adoptee's and their families, in Maryland, Northern Virginia, and Washington, D.C. C.A.S.E. addresses common developmental issues and social-emotional challenges frequently shared by foster youth, adoptee's, and their families. Post-adoption care involves early intervention measures to ensure that adoptive families can thrive. C.A.S.E. staff are a multi-disciplinary team bringing together expertise in the field of social work, family therapy, trauma informed care, expressive therapy and education to address the unique needs of this population. C.A.S.E. combines best practices and innovation to provide premiere counseling services to advance permanency for children and the healthy growth and development of families.

Education and training - C.A.S.E.'s training programs and educational forums integrate theory, research, and best and innovative practices designed by our experts in post-adoption support to meet the specific needs of local, national, and international adoption communities. C.A.S.E. offers an array of customized trainings for parents and professionals, including expansive web based offerings. C.A.S.E. has trained in 33 states and 8 countries, reaching over 23,000 professionals and families. C.A.S.E. also provides on-line training: Strengthening Your Family, an empowering and inspiring monthly webinar series designed to help foster and adoptive families learn valuable skills to build strong families, reaching over 1,900 individuals on an annual basis both internationally and nationally.

Publications - C.A.S.E. publications educate families, professionals, and the community about the unique joys and challenges of adoption. C.A.S.E. staff members continue to author books, articles, and fact sheets to further educate parents and professionals.

C.A.S.E. self-produced publications include quarterly newsletter, e-mail newsletter, *Beneath the Mask: Understanding Adopted Teens*, S.A.F.E. at school manual, *The Whole Me*, and W.I.S.E. UP! Powerbook, and *52 Ways to Talk about Adoption*.

Training adoption competency ("TAC") - TAC is a national evidenced informed, rigorously evaluated manualized training program, developed and owned by C.A.S.E to provide licensed mental health professionals with the clinical skills they need to provide quality clinical services to adopted persons, birth families, prospective adoptive parents and adoptive families and kinship families. TAC is competency based, using a definition of an adoption competent mental health professional and 18 clinical competencies vetted nationally with a National Advisory Board of adoption experts, parents and adopted persons. Currently, TAC is being offered in 17 sites throughout the United States. Refer to www.adoptionsupport.org for specific localities.

Center for Adoption Support and Education, Inc.

Notes to Financial Statements December 31, 2016 and 2015

Youth development - The 3L Academy (Live, Learn and Lead) is a comprehensive, community-based program serving transitioning foster youth aging out of foster care. Through this program, we ensure a path to independence through mentoring, academic preparation, workforce development, and community engagement, which improves outcomes for self-sufficiency, independence and healthy interpersonal connections.

National initiatives -

1. The National Adoption Competency Mental Health Training Initiative (NTI) aims to enhance the capacity of child welfare professionals and mental health practitioners to better understand and address the mental health and developmental needs of children moving to or having achieved permanency through adoption or guardianship. Through this initiative, State, Tribe and Territory child welfare professionals and mental health practitioners will have access to two state of the art, evidence-informed, standardized web-based, trainings to provide the casework and clinical practices to promote child well-being and family stability was established in October 2014 through a five-year, \$9 million cooperative agreement with the Children's Bureau, Administration of Children and Families, Department of Health and Human Services.
2. Critical On-Going Resource Family Education (CORE) - C.A.S.E. is partnering with Spaulding For Children, the lead agency, to produce a state of the art, culturally appropriate foster/adoptive parent and guardianship training program as a resource for parents who work with older youth. This is a three-year cooperative agreement with the Children's Bureau, Administration of Children and Families, Department of Health and Human Services.

Basis of accounting

The accompanying financial statements of C.A.S.E. have been prepared on the accrual basis of accounting and, accordingly, revenue is recognized when earned and expenses are recognized when the obligations are incurred.

Prior year information

The financial statements include certain prior-year summarized comparative totals as of and for the year ended December 31, 2015. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with C.A.S.E.'s financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Estimates

Management uses estimates and assumptions in preparing these financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Income tax status

C.A.S.E. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. C.A.S.E. is not a private foundation.

C.A.S.E. believes that it has appropriate support for any tax positions taken, and, as such, does not have any uncertain tax positions that are material to the financial statements. C.A.S.E. recognizes

Center for Adoption Support and Education, Inc.

Notes to Financial Statements December 31, 2016 and 2015

interest expense and penalties related to unrecognized tax benefits, if any, in general and administrative expenses on the statements of activities and change in net assets.

During the years ended December 31, 2016 and 2015, C.A.S.E. did not have net tax income from unrelated business activity; therefore, there is no provision in these financial statements for income taxes or interest and penalties related to unrecognized tax benefits. Tax years prior to 2013 are no longer subject to examination by the IRS or the tax jurisdiction of the state of Maryland.

Cash and cash equivalents

C.A.S.E. considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

C.A.S.E. maintained balances of cash and cash equivalents in excess of Federal Deposit Insurance Corporation ("FDIC") coverage. The amount of uninsured deposits at December 31, 2016 was approximately \$25,000.

Investments

Investments consisting of mutual funds and stock are reported at their fair value based on quoted market prices provided by independent investment managers. Investments have been identified as Level 1 in the fair value hierarchy as they consist of unadjusted quoted prices in active markets for identical assets and provide the highest quality inputs based on the criteria included in FASB Accounting Standards Codification ("FASB ASC") Topic 820, *Fair Value Measurement*. Realized and unrealized gains and losses are included in investment income in the statement of activities and change in net assets.

Accounts receivable

C.A.S.E. records accounts receivable, net of an allowance for doubtful accounts. The allowance is determined based on a review of the estimated collectability of the specific assets, plus a general provision based on historical loss experience and existing economic conditions. Uncollectible amounts are charged off against the allowance for doubtful accounts once management determines an amount, or a portion thereof, to be uncollectible. As of December 31, 2016 and 2015, management deemed all receivables to be collectible and, as such, no allowance for doubtful accounts has been provided for in these financial statements. Bad debt expense was \$670 and \$2,986 at December 31, 2016 and 2015, respectively.

Inventory

Inventory consists of publications, which are stated at the lower of cost or market value using the first-in, first-out method.

Property and equipment

Property and equipment in excess of \$1,000 with an estimated useful life of more than one year is capitalized and stated at cost. Depreciation and amortization is provided over the estimated useful lives of the respective assets, ranging from three to seven years, on a straight-line basis. Leasehold improvements are amortized over the shorter of the useful life or the term of the lease.

Deferred revenue

Deferred revenue consists of sponsorships and grant funding received in advance of the incurred related expenses. Revenue is recognized when the related event or expense have occurred.

Net assets

C.A.S.E's net assets are classified into two categories: unrestricted and, temporarily restricted.

Center for Adoption Support and Education, Inc.

**Notes to Financial Statements
December 31, 2016 and 2015**

Unrestricted net assets include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of C.A.S.E.

Temporarily restricted net assets include contributions and grants subject to donor-imposed stipulations that will be met by the actions of C.A.S.E. and/or the passage of time. Temporarily restricted net assets become unrestricted when the contributions or grants are used for their restricted purposes, or when the time restrictions expire, at which time they are reported in the statements of activities and change in net assets as net assets released from restrictions.

C.A.S.E. has no permanently restricted net assets.

Revenue recognition

C.A.S.E. recognizes contributions and grants, including unconditional promises to give, at fair value, when received. Contributions and grants are reported as unrestricted revenue and support unless specifically restricted by the donor or by law. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted revenue and support.

C.A.S.E. receives funding under grants and contracts from the U.S. Government and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted revenue to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements. Grant funding received in advance of incurring the related expenses is recorded as deferred revenue.

Special events revenue includes \$44,250 of contributions received which are restricted for scholarships.

Fees for counseling, trainings and conferences are recognized as earned when the project work is completed or when the related event has occurred.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and change in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications

Certain reclassifications have been made to 2015 amounts to conform to the 2016 presentation. In the statement of financial position, C.A.S.E. reclassified \$176,349 to accounts receivable from grants receivable.

Subsequent events

C.A.S.E. has evaluated events and transactions for potential recognition or disclosure through June 29, 2017, the date the financial statements were issued.

Center for Adoption Support and Education, Inc.

**Notes to Financial Statements
December 31, 2016 and 2015**

Note 2 - Investments

Investments consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Mutual funds	\$ 1,363	\$ 1,214
Stocks	<u>1,989</u>	<u>-</u>
	<u>\$ 3,352</u>	<u>\$ 1,214</u>

Investment income, net consists of the following for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Interest income	\$ 386	\$ 373
Unrealized gain (loss) on investments	<u>885</u>	<u>(41)</u>
	<u>\$ 1,271</u>	<u>\$ 332</u>

Note 3 - Line of credit

C.A.S.E. has a \$250,000 bank line of credit, which matures July 31, 2017. Amounts borrowed under this agreement bear interest at the Wall Street Journal's prime rate minus 0.5%, with a minimum interest rate of 4.0%. The line of credit is secured by any and all deposits or other sums at any time and any cash, securities, instruments or other property of the Borrower held at the bank.

As of December 31, 2016, there were no outstanding borrowings against the line of credit.

Note 4 - Capital lease obligations

C.A.S.E. accounts for leases of office equipment as capital leases. The leases expire in 2019 and 2020. As of December 31, 2016, the cost and related accumulated amortization of the leased assets totaled \$76,221 and \$27,881, respectively. As of December 31, 2015, the cost and related accumulated amortization of the leased assets totaled \$76,221 and \$12,636, respectively.

Center for Adoption Support and Education, Inc.

**Notes to Financial Statements
December 31, 2016 and 2015**

Future minimum lease payments for both leases at December 31, 2016 are as follows:

2017	\$	15,980
2018		15,980
2019		15,980
2020		2,627
		50,567
Less: Amounts representing interest		2,774
		47,793
Current portion		14,539
Long-term portion	\$	33,254

Note 5 - Temporarily restricted net assets

Temporarily restricted net assets consist of the following at December 31:

	2016	2015
Training adoption competency	\$ -	\$ 19,207
Trawick collaboration	-	570
Scholarships	29,134	-
Dave Thomas Foundation-Wendy's Kids	20,075	9,362
Website development	56,101	57,310
	\$ 105,310	\$ 86,449

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	2016	2015
Training adoption competency	\$ 75,000	\$ 162,967
Meyer Foundation	12,499	52,858
Wednesday's child program	9,209	48,791
Trawick collaboration	21,217	169,399
Dave Thomas Foundation Wendy's Kids	198,080	212,780
Jockey Foundation	-	67,374
Website development	12,594	9,330
Scholarships	25,115	-
	\$ 353,714	\$ 723,499

Center for Adoption Support and Education, Inc.

**Notes to Financial Statements
December 31, 2016 and 2015**

Note 6 - Lease commitments

C.A.S.E. leases office space in five different locations. The main office is in Burtonsville, Maryland, and C.A.S.E. also has offices in Prince George's County, Maryland; Annandale, Virginia; Bethesda, Maryland; and Sterling, Virginia.

The Burtonsville, Maryland office space is leased under an agreement, which originated in November 2008. In October 2013, C.A.S.E. signed an amendment to the lease, extending their lease term through October 31, 2018. In addition to the base rent, C.A.S.E. is responsible for a proportionate share of operating expenses and taxes and the lease included a rent abatement of 50% for the first four months of the lease. In March 2015, C.A.S.E. signed a lease for additional space at the Burtonsville, Maryland location, and extended their lease through October 31, 2019. There was a rent abatement of 100% for the first three months of the lease.

The Prince George's County, Maryland office space is leased under a month-to-month agreement, which originated in August 2010. The lease includes base rent and all operating expenses.

The Annandale, Virginia office space was leased under a three-year agreement, which originated in April 2010 and was renewed through March 2015. C.A.S.E. signed a new lease in April 2015 with the Heritage Office Building in Annandale, Virginia. The lease term commenced in April 2015 and expires in September 2020. In addition to base rent, C.A.S.E. is responsible for a proportionate share of operating expenses and taxes. The lease includes a rent abatement of 100% for the first five months of the lease.

The Bethesda, Maryland office space was under an amended agreement which provided for use of the space for 3 days a week for certain timeframes. In May 2016, C.A.S.E. renegotiated the lease adding an additional day to the week that the space can be occupied by C.A.S.E. Base rent includes all operating expenses and taxes.

The Sterling, Virginia office space is leased under a twelve-month agreement, which originated in September 2016. Base rent includes all operating expenses and taxes.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent abatement in the statement of financial position.

The following is a schedule of the future minimum lease payments:

2017	\$	189,109
2018		194,633
2019		176,882
2020		48,525
		<hr/>
	\$	<u>609,149</u>

Total rent expense for the years ended December 31, 2016 and 2015 was \$210,899 and \$211,795, respectively.

Center for Adoption Support and Education, Inc.

**Notes to Financial Statements
December 31, 2016 and 2015**

Note 7 - Retirement plan

C.A.S.E. provides retirement benefits to its employees through a defined contribution plan covering all full-time employees with 1,000 hours of eligible experience. C.A.S.E. matches 25% of each employee's contribution, up to 4% of gross wages. Contributions to the plan during the year ended December 31, 2016 and 2015 totaled \$8,224 and \$5,466, respectively.

Note 8 - Contingency

C.A.S.E. receives grants from various agencies of the United States Government which are subject to audit. Any adjustments to costs allowed under these grants as a result of government audit will be reflected in the period they are determined. Management is of the opinion that no material liability will result from such audit.

Supplementary Information

Center for Adoption Support and Education, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016**

Federal Grantor/Pass-Through Grantor Pass-Through Department/Program Title	Federal CFDA Number	Pass-Through Award Number	Expenditures	Expenditures to Subrecipients
<u>Major Program</u>				
Department of Health and Human Services: Adoption Opportunities	93.652	N/A	\$ 1,700,838	None
Adoption Opportunities Pass-through Spaulding for Children	93.652	90CO1132-01-00	<u>10,178</u>	None
			<u><u>\$ 1,711,016</u></u>	

Center for Adoption Support and Education, Inc.

**Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016**

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of C.A.S.E. under programs of the federal government for the year ended December 31, 2016. The information in this Schedule 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 C.A.S.E., it is not intended to and does not present the financial position, changes in net assets or cash flows of C.A.S.E.

Note 2 - Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, in the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) C.A.S.E. has not elected to use the 10 percent 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
Center for Adoption Support & Education, Inc.
Burtonsville, Maryland

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 Center for Adoption Support and Education, Inc. ("C.A.S.E."), which comprise the statement of financial position as of December 31, 2016, the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered C.A.S.E.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of C.A.S.E.'s internal control. Accordingly, we do not express an opinion on the effectiveness of C.A.S.E.'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether C.A.S.E.'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

Bethesda, Maryland
June 29, 2017

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

To the Board of Directors
Center for Adoption Support & Education, Inc.
Burtonsville, Maryland

Report on Compliance for Each Major Federal Program

We have audited Center for Adoption Support and Education, Inc. ("C.A.S.E.") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on C.A.S.E.'s major federal program for the year ended December 31, 2016. C.A.S.E.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for C.A.S.E.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about C.A.S.E.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of C.A.S.E.'s compliance.

Opinion on Major Federal Program

In our opinion, C.A.S.E. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

Report on Internal Control over Compliance

Management of C.A.S.E. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered C.A.S.E.'s internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of C.A.S.E.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Bethesda, Maryland
June 29, 2017

Center for Adoption Support and Education, Inc.

Schedule of Findings and Questioned Costs
Year Ended December 31, 2016

Section A - Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified
2. Internal control over financial reporting:
 - a. Material weakness identified? No
 - b. Significant deficiencies conditions identified that are not considered to be material weaknesses? No
3. Noncompliance material to the financial statements noted? No

Federal Awards

1. Internal control over major programs:
 - a. Material weakness identified? No
 - b. Significant deficiencies identified that are not considered to be material weaknesses? None Reported
2. Type of auditor's report issued on compliance for major programs Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a) No
4. Identification of major programs

<u>Federal Grantor/CFDA Number</u>	<u>Name of Federal Program</u>
U.S. Department of Health and Human Services Program - CFDA #93.652	Adoption Opportunities
5. Dollar threshold used to distinguish between Type A and Type B programs \$750,000
6. Auditee qualified as a low-risk auditee? No

Center for Adoption Support and Education, Inc.

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2016**

Section B - Financial Statement Audit Findings

There were no significant deficiencies, material weaknesses or instances of noncompliance related to the financial statements that are required to be reported in accordance with the Uniform Guidance.

Section C - Major Federal Award Program Findings and Questioned Costs

There were no significant deficiencies, material weaknesses or instances of noncompliance related to major federal programs that are required to be reported in accordance with Uniform Guidance.

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