Center for Adoption Support and Education, Inc.

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

December 31, 2019
(With December 31, 2018 Summarized
Comparative Financial Information)

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Center for Adoption Support and Education, Inc.

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Independent Auditor's Report

To the Board of Directors
Center for Adoption Support and 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, 2019, 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, 2019, 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.

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Summarized Comparative Information

We have previously audited C.A.S.E.'s 2018 financial statements and we expressed an unmodified opinion on those statements in our report dated June 27, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 to the financial statements, C.A.S.E. adopted Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers,* and Accounting Standards Update No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* ASU No. 2014-09 and ASU No. 2018-08 were applied on a modified prospective basis. Our opinion is not modified with respect to these matters.

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 30, 2020 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 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 C.A.S.E.'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 C.A.S.E.'s internal control over financial reporting and compliance.

CohnReznick LLP

Bethesda, Maryland
June 30, 2020

Center for Adoption Support and Education, Inc.

Statement of Financial Position
December 31, 2019
(with Summarized Comparative Financial Information for 2018)

Assets

	2019	2018
Current assets		
Cash and cash equivalents	$ 580,987	$ 589,657
Restricted cash and cash equivalents	251,656	16,800
Investments, short-term	174,864	44,271
Accounts receivable, net	539,363	701,718
Pledges receivable, current portion, net	328,217	350,763
Inventory	9,899	9,224
Prepaid expenses	24,025	84,279
Total current assets	1,909,011	1,796,712
Property and equipment, at cost		
Furniture and equipment	270,171	153,304
Leased equipment	76,221	76,221
Leasehold improvements	22,714	3,956
Website	92,597	92,597
	461,703	326,078
Less accumulated depreciation and amortization	(250,050)	(192,328)
	211,653	133,750
Long-term investments	883,728	785,162
Long-term pledges receivable, net	55,705	117,104
Deferred compensation asset	19,646	-
Other assets - deposits	24,475	28,325
	$ 3,104,218	$ 2,861,053

Center for Adoption Support and Education, Inc.

Statement of Financial Position
December 31, 2019
(with Summarized Comparative Financial Information for 2018)

Liabilities and Net Assets

	2019	2018
Current liabilities		
Capital lease obligations, current portion	$ 2,607	$ 15,591
Accounts payable and accrued liabilities	480,981	378,915
Accrued salaries and related benefits	182,647	229,043
Refundable advance	97,212	75,234
Deferred rent abatement, current portion	6,664	21,680
Total current liabilities	770,111	720,463
Long-term liabilities		
Capital lease obligations, net of current portion	-	2,607
Deferred rent abatement, net of current portion	26,910	6,664
Deferred compensation obligation	19,646	-
Total long-term liabilities	46,556	9,271
Total liabilities	816,667	729,734
Net assets		
Net assets without donor restrictions	643,949	711,384
Net assets with donor restrictions	1,643,602	1,419,935
Total net assets	2,287,551	2,131,319
	$ 3,104,218	$ 2,861,053

See Notes to Financial Statements.

Center for Adoption Support and Education, Inc.

Statement of Activities and Change in Net Assets
Year Ended December 31, 2019
(with Summarized Comparative Financial Information for 2018)

	2019			2018
	Without donor restrictions	With donor restrictions	Total	Total
Revenue and support				
Contributions	$ 583,867	$ 370,820	$ 954,687	$ 1,638,927
Grants	5,045,082	5,000	5,050,082	4,761,066
Counseling	707,038	-	707,038	621,546
Trainings and publications	105,435	-	105,435	169,393
Interest and investment income (loss), net	6,195	83,337	89,532	(8,282)
Training adoption competency	187,500	-	187,500	145,500
Special events, net of direct expenses of $111,994				-
for 2019 and $112,454 for 2018	255,447	84,860	340,307	418,971
Other revenue	50,771	-	50,771	32,016
Net assets released - satisfaction of restrictions	320,350	(320,350)	-	-
Total revenue and support	7,261,685	223,667	7,485,352	7,779,137
Expenses				
Program services				
Counseling	3,105,401	-	3,105,401	2,496,699
Education resources and trainings	271,493	-	271,493	279,204
Publications	43,111	-	43,111	65,540
Training adoption competency	364,092	-	364,092	158,191
Youth development	31,994	-	31,994	34,015
National initiatives	2,286,968	-	2,286,968	2,413,725
Total program services	6,103,059	-	6,103,059	5,447,374
Supporting services				
General and administrative	849,977	-	849,977	706,200
Fundraising	376,084	-	376,084	328,436
Total supporting services	1,226,061	-	1,226,061	1,034,636
Total expenses	7,329,120	-	7,329,120	6,482,010
Change in net assets	(67,435)	223,667	156,232	1,297,127
Net assets at beginning of year	711,384	1,419,935	2,131,319	834,192
Net asset at end of the year	$ 643,949	$ 1,643,602	$ 2,287,551	$ 2,131,319

See Notes to Financial Statements.

Center for Adoption Support and Education, Inc.

Statement of Functional Expenses
Year Ended December 31, 2019
(with Summarized Comparative Financial Information for 2018)

	Counseling	Education resources and trainings	Publications	Training adoption competency	Youth development	National initiatives	Total program services	General and administrative	Fundraising	Total supporting services	Total 2019	Total 2018
Salaries	$ 1,385,233	$ 100,724	$ 9,543	$ 62,662	$ 12,089	$ 691,321	$ 2,261,572	$ 534,918	$ 181,354	$ 716,272	$ 2,977,844	$ 2,694,784
Benefits	213,495	16,085	1,431	696	1,845	119,938	353,490	108,754	27,203	135,957	489,447	449,888
Communications	27,417	2,388	-	-	-	5,769	35,574	37,462	-	37,462	73,036	47,738
Occupancy	198,796	942	7,848	-	-	21,370	228,956	55,398	16,970	72,368	301,324	262,390
Depreciation and amortization	-	-	-	-	-	-	-	57,722	-	57,722	57,722	46,271
Equipment repairs and maintenance	48,561	-	-	-	-	3,195	51,756	60,140	-	60,140	111,896	128,341
Travel	65,703	4,399	64	5,879	6,082	160,283	242,410	41,825	5,182	47,007	289,417	306,679
Insurance	-	-	-	-	-	-	-	11,558	-	11,558	11,558	10,435
Interest	-	-	-	-	-	-	-	4,894	-	4,894	4,894	1,380
Consultants and professional services	89,414	3,300	-	162,840	4,403	37,625	297,582	113,691	120,357	234,048	531,630	370,777
Training	3,575	-	-	-	-	245	3,820	5,551	59	5,610	9,430	8,903
Postage and printing	6,033	756	2,999	222	2,389	13,866	26,265	28,646	4,072	32,718	58,983	83,720
Evaluation	38,848	22,728	-	65,499	-	-	127,075	-	-	-	127,075	119,040
Cost of goods sold	1,955	215	18,191	-	-	-	20,361	-	-	-	20,361	22,531
Office expenses	2,022	-	-	-	-	80	2,102	33,271	34	33,305	35,407	4,501
Supplies and materials	17,280	679	164	4,308	5,186	3,869	31,486	15,701	2,026	17,727	49,213	54,322
Partner payments	843,441	117,851	-	61,000	-	972,220	1,994,512	-	-	-	1,994,512	1,698,696
Advertising and marketing	8,055	17	-	345	-	28,260	36,677	65,510	1,965	67,475	104,152	107,180
Dues and subscriptions	200	-	-	-	-	2,295	2,495	5,831	1,465	7,296	9,791	4,363
Miscellaneous	3,292	339	2,871	107	-	-	6,609	49,422	15,397	64,819	71,428	60,071
Overhead allocation	152,081	1,070	-	534	-	226,632	380,317	(380,317)	-	(380,317)	-	-
Total expenses	$ 3,105,401	$ 271,493	$ 43,111	$ 364,092	$ 31,994	$ 2,286,968	$ 6,103,059	$ 849,977	$ 376,084	$ 1,226,061	$ 7,329,120	$ 6,482,010

See Notes to Financial Statements.

Center for Adoption Support and Education, Inc.

Statement of Cash Flows
Year Ended December 31, 2019
(with Summarized Comparative Financial Information for 2018)

	2019	2018
Cash flows from operating activities		
Change in net assets	$ 156,232	$ 1,297,127
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	57,722	46,271
Bad debt expense	5,550	1,982
Realized and unrealized (gain) loss on investments	(71,481)	28,226
Donated investments	(21,209)	(533,650)
Contributions and grants restricted for long-term purposes	(84,262)	(897,430)
Changes in		
Accounts receivable	156,805	(149,833)
Pledges receivable	146,998	(105,459)
Inventory	(675)	(301)
Prepaid expenses	60,254	(24,746)
Deposits	3,850	(18,360)
Deferred compensation asset	(19,646)	-
Accounts payable and accrued liabilities	102,066	118,035
Accrued salaries and related benefits	(46,396)	42,905
Refundable advance	21,978	46,884
Deferred rent abatement	5,230	(19,554)
Deferred compensation obligation	19,646	-
Net cash provided by (used in) operating activities	492,662	(167,903)
Cash flows from investing activities		
Purchases of property and equipment	(135,625)	(71,233)
Purchases of investments	(632,293)	(328,822)
Proceeds from sale of investments	495,824	12,907
Net cash used in investing activities	(272,094)	(387,148)
Cash flows from financing activities		
Payment on line of credit	(200,000)	(50,000)
Proceeds from line of credit	200,000	50,000
Payments on capital lease obligations	(15,591)	(15,057)
Collection of contributions and grants restricted for long-term purposes	21,209	535,022
Net cash provided by financing activities	5,618	519,965
Net increase (decrease) in cash and cash equivalents, and restricted cash and cash equivalents	226,186	(35,086)
Cash and cash equivalents, and restricted cash and cash equivalents, beginning of year	606,457	641,543
Cash and cash equivalents, and restricted cash and cash equivalents, end of year	$ 832,643	$ 606,457
Supplemental disclosure of cash flow information		
Interest paid	$ 4,894	$ 1,380

See Notes to Financial Statements.

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 pre- and post-adoption counseling and education services to foster and adoptive families, educators, child welfare staff and mental health providers in the Maryland, Northern Virginia, and Washington, D.C. areas. C.A.S.E. combines best practice and innovation to provide specialized therapy, training, and resources to support permanency for children and promote the healthy growth and development of families, both locally and nationally.

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 640 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.

Wendy's Wonderful Kids, The Dave Thomas Foundation for Adoption has awarded C.A.S.E. 2 grants to implement the Wendy's Wonderful Kids evidenced based proactive, child-focused recruitment model in the state of Maryland targeted exclusively on moving the longest-waiting children from foster care into adoptive families.

C.A.S.E. is leading the Post Adoption Case Management "The Partnership for Strong Adoptions" initiative with Catholic Charities and Lutheran Family Services through funding from the Virginia Department of Social Services to offer post-adoption case management services to help adoptive families in Virginia access appropriate services and resources through community-based linkage and referral, education and advocacy. In 2019, 93 families have been served.

Education resources and trainings - C.A.S.E.'s training programs and educational forums integrate theory, research and best and innovative practices designed by our experts in pre- and post-adoption support to meet the specific needs of local, national and international adoption communities. C.A.S.E. offers more than 20 different customized, in-person, and virtual trainings for parents, children and professionals. In 2019, C.A.S.E. provided 45 in-person and or virtual trainings locally, nationally and internationally to over 2,680 professionals, parents and children. C.A.S.E. also offers a monthly *Strengthening Your Family* webinar series, reaching more than 4,799 registrants across all 48 states and 8 countries in 2019 alone.

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. publications include a monthly e-newsletter, Beneath The Mask: Understanding Adopted Teens, S.A.F.E. at School, The Whole Me and W.I.S.E. Up! Powerbook, 52 Ways to Talk about Adoption and the newest publication released in 2019, Beneath The Mask: For Teen Adoptees.

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. Since 2009, TAC training has been replicated with 110 cohorts, training over 1,721 professionals. Currently, TAC is being offered in 17 sites throughout the United States with 19 training partners. Refer to www.adoptionsupport.org for specific localities.

National initiatives - 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, child welfare professionals and mental health practitioners in all States, Tribes and Territories 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. It 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. NTI was piloted in 8 states: California, Illinois, Maine, Minnesota, South Carolina, Oklahoma, Tennessee, Washington, and with the Cherokee Nation. The training pilot for Child Welfare Professionals ended January 30, 2018 with over 6,000 participants and a completion rate of 72.5%. The training pilot for Mental Health Professionals ended September 30, 2018 with over 2,100 professionals participating and a completion rate of 69%. NTI was evaluated by the University of Maryland, School of Social Work. The cooperative agreement was extended through September 2020 with an additional $1.4 million to continue the implementation nationally. 11 child welfare and or national organizations new sites have committed to integrate NTI into their training management systems.

C.A.S.E. is partnering with Spaulding for Children, the lead agency, on two national initiatives to develop state of the art, culturally appropriate training for foster and adoptive parents and guardians. These initiatives are both funded through a cooperative agreement with the Administration on Children Youth and Families, Children's Bureau.

- **CORE TEEN** *Critical Ongoing Resource Family Education* - partners include Bruce Perry/ChildTrauma Academy, North American Council on Adoptable Children (NACAC) and Wayne State University.

- **NTDC** *National Training and Development Curriculum* - partners include Bruce Perry/ChildTrauma Academy, NACAC, National Council for Adoption ("NCFA") and the University of Washington.

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, 2018. 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, 2018, 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.

Adoption of new accounting principles

During the year ended December 31, 2019, C.A.S.E. adopted the provisions of Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). This ASU provides new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers which reflects the consideration to which C.A.S.E. expects to be entitled in exchange for those goods or services. Adopting the new standard did not have a material effect on the timing of C.A.S.E.'s revenue recognition for the years ended December 31, 2019 and 2018.

During the year ended December 31, 2019, C.A.S.E. adopted the provisions of Accounting Standards Update 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). This ASU assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. Adopting the new standard did not have a material effect on the timing of C.A.S.E.'s revenue recognition for the years ended December 31, 2019 and 2018.

During the year ended December 31, 2019, C.A.S.E. adopted the provisions of Accounting Standards Update 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash* ("ASU 2016-08"). This ASU requires that amounts recorded as restricted cash and cash equivalents be included with cash and cash equivalents when reconciling the beginning of year and end of year total amounts shown on the statement of cash flows. The change required by the update has been applied retrospectively to all periods presented.

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 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, 2019 and 2018, 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 2016 are no longer subject to examination by the IRS or the tax jurisdiction of the state of Maryland.

Cash and cash equivalents and restricted 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 that are not held in the investment portfolio.

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, 2019 was approximately $333,000.

Restricted cash and cash equivalents represents cash in a bank account that is restricted by donors for the endowment fund. These amounts are for long-term purposes and recorded separately on the statements of financial position.

Cash and cash equivalents and restricted cash and cash equivalents on the statement of cash flows is comprised of the following for the years ended December 31:

	2019	2018
Cash and cash equivalents	$ 580,987	$ 589,657
Restricted cash and cash equivalents	251,656	16,800
Total cash and cash equivalents and restricted cash and cash equivalents shown in the statements of cash flows	$ 832,643	$ 606,457

Investments
Investments consist of money funds, certificates of deposit with original maturities in excess of three months, mutual funds, and stocks. Investments in mutual funds and stocks are reported at their fair value based on quoted market prices provided by independent investment managers. Certificates of deposit are considered debt securities and, therefore, are recorded at fair value. Realized and unrealized gains and losses, net of fees, are included in interest and investment income (loss) in the statement of activities and change in net assets. Donated investments are reflected as contributions at their fair values at date of receipt. Money market funds held in investment accounts with investment institutions are classified as investments on the statements of financial position. Investments subject to donor restrictions are classified as long-term investments on the statements of financial position.

C.A.S.E. received donated investments with a fair value of $327,284 and $533,650 for the years ended December 31, 2019 and 2018, respectively.

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, 2019 and 2018, management deemed all accounts receivables to be collectible and, as such, no allowance for doubtful accounts has been provided for in these financial statements. Bad debt expense was $5,550 and $1,982 at December 31, 2019 and 2018, respectively.

Pledges receivable
Unconditional promises to give that are expected to be collected within one year are reflected as current pledges receivable and recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are reflected as long-term pledges receivable and recorded at the present value of their net realizable values. The discount on long-term pledges receivable is computed using a risk-free interest rate at the time the promise is made. Amortization of the discount is included in contributions. C.A.S.E. records pledge 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, 2019 and 2018, management deemed all pledges receivables to be collectible and, as such, no allowance for doubtful accounts has been provided for in these financial statements.

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. The website is amortized over its estimated useful life (five years).

Refundable advance
Refundable advance consists mainly of grant funding received in advance of the incurred related expenses. Revenue is recognized when the related expenses have occurred.

Net assets
C.A.S.E.'s net assets are classified into the following categories:

Net assets without donor restrictions - these net assets are available for the operation of C.A.S.E.

Net assets with donor restrictions - these net assets include contributions and grants subject to donor-imposed stipulations that will be met by the actions of C.A.S.E, the passage of time, or whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by C.A.S.E.'s actions. Net assets with donor restrictions become net assets without donor restrictions 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.

Revenue recognition
Contributions and grants are classified as either conditional or unconditional. Unconditional contributions and grants, including unconditional promises to give are recognized at fair value when the commitment to contribute is received and are reported as without donor restrictions 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 revenue and support with donor restrictions. Revenue is recognized on a conditional contribution or grant once a barrier or hurdle to be entitled to the resource is overcome and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if C.A.S.E.

fails to overcome the barrier. Any funding received prior to overcoming the barrier is recognized as refundable advance. C.A.S.E. has executed conditional grant agreements totaling approximately $2,172,000 that have not been recognized at December 31, 2019.

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 without donor restrictions 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 refundable advance in the statements of financial position.

Special events revenue is recorded equal to the fair value of benefits provided with the special event payment. Special events revenue for the years ended December 31, 2019 and 2018 includes $64,860 and $99,316, respectively, that is restricted for counseling fees - family assistance and staff training.

Fees for counseling, trainings and publications 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. Costs incurred by a program or supporting service are charged directly to that service. Other general and administrative costs have been allocated based on an overhead allocation. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 2 - Liquidity and availability of resources

C.A.S.E. regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. C.A.S.E has various sources of liquidity at its disposal, including cash and cash equivalents, investments, and its line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, C.A.S.E. considers all expenditures related to its ongoing activities. In addition to financial assets available to meet general expenditures over the next 12-months, C.A.S.E. operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. At December 31, 2019, the following tables reflect the total financial assets held by C.A.S.E. and the amounts of those financial assets that could be readily be made available within one year of the statement of financial position date to meet general expenditures:

Financial assets	
Cash and cash equivalents	$ 832,643
Accounts receivable, net	539,363
Pledges receivable, net	383,922
Investments, short-term	174,864
Investments, long-term	883,728
	2,814,520
Less those unavailable for general expenditure within one year due to:	
Restricted cash and cash equivalents for endowment	(251,656)
Investments subject to donor restrictions	(883,728)
Pledges restricted for endowment	(99,548)
Long-term pledges receivable due in excess of one year	(55,705)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,523,883

As noted in Note 5, C.A.S.E. has an additional $350,000 available to draw upon from their line of credit to meet general expenditures.

Note 3 - Investments

Investments consist of the following at December 31:

	2019	2018
Money funds	$ 87,830	$ 80,006
Certificates of deposit	565,728	380,873
Equities - mutual funds	361,528	270,393
Equities - stocks	43,506	98,161
	1,058,592	829,433
Less short-term investments	(174,864)	(44,271)
Long-term investments	$ 883,728	$ 785,162

Interest and investment income (loss), net consists of the following for the years ended December 31:

	2019	2018
Dividend income	$ 6,224	$ 15,487
Interest income	14,793	4,605
Realized and unrealized gain (loss) on investments, net	71,481	(28,226)
Investment fees	(2,966)	(148)
	$ 89,532	$ (8,282)

Note 4 - Pledges receivable

Pledges receivable consist of the following at December 31:

	2019	2018
Pledges receivable less than one year	$ 328,217	$ 350,763
Pledges receivable in one to five years	62,402	124,652
Total pledges receivable	390,619	475,415
Less discount to present value	6,697	7,548
Pledges receivable, net	383,922	467,867
Less current portion	(328,217)	(350,763)
Pledges receivable, net of current portion	$ 55,705	$ 117,104

For the years ended December 31, 2019 and 2018, pledges receivable due in excess of one year were discounted based on a discount rate of 8.25% and 4.25%, respectively.

Note 5 - Line of credit

In January 2019, C.A.S.E. obtained a $350,000 bank line of credit with no maturity date and an annual renewal fee. Amounts borrowed under this agreement bears interest at the Wall Street Journal's prime rate plus 3.5%. The line of credit is secured by any and all property of C.A.S.E.

Note 6 - Capital lease obligations

C.A.S.E. accounts for leases of office equipment as capital leases. C.A.S.E.'s lease for a copier expired December 2019, and is now leased month-to-month. C.A.S.E.'s lease for a phone expires in 2020. As of December 31, 2019 and 2018, the cost and related accumulated amortization of the leased assets totaled $76,221 and $76,221, respectively. Future minimum lease payments for phone lease is $2,607 for the year ending December 31, 2019.

Note 7 - Net assets with donor restrictions

Net assets with donor restrictions consist of the following at December 31:

	2019	2018
Corpus and expendable portion of Endowment Fund	$ 1,231,693	$ 1,147,429
Subject to passage of time	233,290	109,467
Counseling fees - family assistance and staff training	146,290	116,918
Transitioning foster youth	5,000	-
Prince George's County Executive community partnership	-	271
Wise Up Gala Video	12,448	17,229
Website development	14,881	28,621
	$ 1,643,602	$ 1,419,935

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

	2019	2018
Passage of time	$ 41,845	$ 44,855
Training adoption competency	-	40,000
The Community Foundation for the National Capital Region	-	1,520
Prince George's County Executive community partnership	271	7,572
Expansion of Baltimore counseling	60,000	-
Growing together campaign	72,066	68,000
Staff gift cards	-	12,100
Clinical software	-	30,000
Gala photo backdrop	-	1,243
Dave Thomas Foundation - Wendy's Kids	-	128,400
New office furniture	69,195	-
Website development	13,739	13,739
Wise Up video	4,780	4,780
Counseling fees - family assistance and staff training	55,488	59,098
Endowment Investment fees	2,966	-
	$ 320,350	$ 411,307

Note 8 - Lease commitments

C.A.S.E. leases office space in seven 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; Sterling, Virginia; Albany, New York; and Baltimore, Maryland.

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. In December 2018, C.A.S.E. signed a lease for new office space in Burtonsville, Maryland that commenced October 1, 2019 and expires January 31, 2028 with an option to renew for an additional five years. 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 eight months of the lease.

The Prince George's County, Maryland office space was leased under a month-to-month agreement and includes base rent and all operating expenses. In February 2019, C.A.S.E. signed a lease for this space that commences February 1, 2019 and expires January 31, 2020 with an option to extend the lease at a rate to be agreed upon by both parties.

The Annandale, Virginia office space is leased under a lease that commenced April 2015 and expires 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 month-to-month agreement which provided for use of the space for three 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 was leased under a 12-month agreement, which originated in September 2016 and expired December 2019. In December 2019, C.A.S.E. renewed the lease and the new lease commences January 1, 2019 and expires December 31, 2021. Base rent includes all operating expenses and taxes.

The Albany, New York office space is leased under an agreement that commenced September 1, 2018 and expired February 28, 2019. The lease was continued on a month-to-month agreement through September 30, 2019. In September 2019, C.A.S.E. moved its Albany, New York operations to a new office which was leased with a 12-month agreement, which commenced October 1, 2019 and expires September 30, 2020, with an option to renew for 1 year.

The Baltimore, Maryland office space is leased under an agreement that commenced November 1, 2018 and expired January 31, 2019. In February 2019, C.A.S.E. renewed the lease and the new lease commences February 1, 2019 and expires January 31, 2020 with an option to renew for one year. On September 1, 2019, C.A.S.E. signed a new lease agreement replacing the prior lease for a new space with no penalty. The new lease commenced September 1, 2019 and is set to expire August 31, 2020 with an option to renew for one year.

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:

2020	$	263,335
2021		245,611
2022		201,675
2023		207,221
2024 and beyond		907,101
	$	1,824,943

Total rent expense for the years ended December 31, 2019 and 2018 was $301,097 and $262,390, respectively.

Note 9 - Retirement plans

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, 2019 and 2018 totaled $27,678 and $13,468, respectively.

During 2019, C.A.S.E. established a Section 457 deferred compensation plan, to provide a select group of management or highly compensated employees the ability to defer a portion of their compensation to provide retirement benefits, and provides for discretionary contributions by C.A.S.E. The deferred compensation plan was established to comply with the requirements of Section 457 of the Internal Revenue Code ("Code"). The expense related to the deferred compensation plan was $19,000 for the year ended December 31, 2019.

Note 10 - 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.

Note 11 - Endowments

As required by generally accepted accounting principles, net assets established with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Donor-restricted net assets - interpretation of relevant law

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") enacted into law in Maryland on April 14, 2009, as requiring the preservation of 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. As a result of this interpretation, C.A.S.E. classifies as donor-restricted endowments (a) the original value of gifts 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. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by C.A.S.E. in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, C.A.S.E. considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The preservation of C.A.S.E. and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of C.A.S.E.

(7) The investment policies of C.A.S.E.

Funds with deficiencies
From time to time, the fair value of the assets associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA requires C.A.S.E. to retain as a fund of perpetual duration (underwater endowments). C.A.S.E. has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2018, a fund with an original gift value of $251,372, fair value of $221,001 and deficiency of $30,371 was reported in net assets with donor restrictions.

Donor-restricted endowments' return objective and risk parameters
C.A.S.E.'s objectives are to invest in accordance with sound investment practices that emphasize long-term investment fundamentals. In establishing the investment objectives of C.A.S.E., the Authorized Decision Makers have taken into account the time horizon available for investment, the nature of C.A.S.E.'s cash flows and liabilities, and other factors that affect C.A.S.E.'s risk tolerance. Accordingly, the investment objective of the portfolio is growth and income. This investment objective:

- Is a diversified approach that emphasizes capital appreciation over the long term along with a stable source of current income;

- Implies a willingness to risk some declines in value over the short-term, so long as the portfolio is positioned to exhibit capital appreciation and generate some current income;

- Is expected to earn long-term returns in excess of the rate of inflation over full market cycles (net of spending and investment and administrative expenses), but may lag inflation in some environments;

- Diversifies the portfolio in order to provide opportunities for long-term growth and to reduce the potential for large losses that could occur from holding concentrated positions or over concentration of one particular asset class; and

- Recognizes that investment results over the long-term may lag those of other more aggressively invested portfolio's and hence experience lower price volatility which should lead to smoother results through difficult market environments. Nevertheless, this

Endowment is expected to earn long-term return that compare favorably to appropriate market indexes.

Spending policy

The spending policy for the donor-restricted endowments is to make available an amount equal to approximately 5% of the market value of the previous fiscal year's asset balance. Special projects and difficult economic periods may require extraordinary distributions above the 5%. In such cases a Board resolution is required to authorize the additional amount. No spending will be authorized until the endowment reaches $2 million in assets.

The corpus and expendable portion of the endowment net asset composition by type of fund at December 31, 2019 is as follows:

Donor-restricted endowment net assets, January 1, 2018	$ 250,000
Contributions	908,422
Interest, dividends, net of fees	17,233
Realized and unrealized gain (loss) on investments, net	(28,226)
Appropriations	-
Donor-restricted endowment net assets, December 31, 2018	1,147,429
Contributions	3,892
Interest, dividends, net of fees	13,517
Realized and unrealized gain (loss) on investments, net	66,855
Appropriations	-
Endowment net assets, December 31, 2019	$ 1,231,693

Note 12 - Fair value

C.A.S.E. has determined the fair value of certain assets and liabilities through application of the Fair Value Measurement ("Topic 820") of the FASB Accounting Standards Codification ("FASB ASC"). Fair values of assets and liabilities measured on a recurring basis at December 31, 2019 and 2018 are as follows:

		Fair value measurements at reporting date using		
December 31, 2019	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				
Money funds	$ 87,830	$ 87,830	$ -	$ -
Certificates of deposit	565,728	-	565,728	-
Equities - mutual funds	361,528	361,528	-	-
Equities - stocks	43,506	43,506	-	-
Deferred compensation asset	19,646	19,646	-	-
Total assets	$ 1,078,238	$ 512,510	$ 565,728	$ -
Liabilities				
Deferred compensation obligation	$ (19,646)	$ (19,646)	$ -	$ -
December 31, 2018				
Assets				
Money Funds	$ 80,006	$ 80,006	$ -	$ -
Certificates of Deposit	380,873	-	380,873	-
Equities - Mutual Funds	270,393	270,393	-	-
Equities - Stocks	98,161	98,161	-	-
Total assets	$ 829,433	$ 448,560	$ 380,873	$ -

This FASB ASC topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and provide highest quality inputs. Level 2 inputs are based primarily on quoted prices for identical assets in inactive markets or similar assets in active or inactive markets or other significant observable inputs. Level 3 inputs provide the lowest quality inputs because there are no significant observable inputs. C.A.S.E. uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, C.A.S.E. measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 investments consist of certificates of deposit and are valued using a market approach from pricing sources utilized by investment managers. There have been no changes in the valuation methodologies during the current year. All assets have been valued using a market approach. The value of the deferred compensation obligation is based upon the underlying fair value of the deferred compensation assets.

Note 13 - Subsequent events

C.A.S.E. has evaluated subsequent events from the statement of financial position date through June 30, 2020, the date at which the financial statements were issued.

COVID-19

The spread of a novel strain of coronavirus (COVID-19) has caused significant business disruptions in the United States beginning in the first quarter of 2020. The economic impact of the business disruptions caused by COVID-19 is uncertain. The extent of any effects these disruptions may have on the operations and financial position of C.A.S.E. will depend on future developments, which cannot be determined at this time.

On April 16, 2020, C.A.S.E. obtained a promissory note of $514,022 from its bank under the Small Business Administration ("SBA")'s Paycheck Protection Program ("PPP") that is part of the CARES Act stimulus relief. The note bears interest at 1 percent and requires monthly payments of principal and interest on the outstanding principal balance, unless otherwise forgiven in whole or part by SBA under the CARES Act. If the note is not forgiven, payments will begin 7 months from the date of the note until the maturity date of April 16, 2022, when the entire principal balance, along with all accrued and unpaid interest is due in full.

Supplementary Information

Center for Adoption Support and Education, Inc.

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor Pass-Through Department/Program Title	Federal CFDA Number	Pass-Through Award Number	Expenditures	Expenditures to Subrecipients
Major Program				
Department of Health and Human Services:				
Adoption Opportunities	93.652	N/A	$ 1,893,587	None
Adoption Opportunities Pass-Through Spaulding for Children	93.652	90CO1132	(6,384)	None
Adoption Opportunities Pass-Through Spaulding for Children	93.652	90CO1134	481,648	None
			$ 2,368,851	

See Notes to Schedule of Expenditures of Federal Awards.

Center for Adoption Support and Education, Inc.

Notes to Schedule of Expenditures of Federal Awards
December 31, 2019

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, 2019 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. Negative amounts shown on the Schedule represent adjustments made in the normal course of business to amounts reported as expenditures in the prior year.

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. Negative amounts shown on the Schedule represent adjustments made in the normal course of business to amounts reported as expenditures in the prior year.

(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, 2019, 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 30, 2020, which includes an emphasis of matter paragraph on page 3, regarding adoption of Accounting Standards Updates 2014-09 and 2018-08.

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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2019-001 that we consider to be a material weakness.

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*.

Response to Finding

C.A.S.E.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. C.A.S.E.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

CohnReznick LLP

Bethesda, Maryland
June 30, 2020

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, 2019. 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, 2019.

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.

CohnReznick LLP

Bethesda, Maryland
June 30, 2020

Center for Adoption Support and Education, Inc.

Schedule of Findings and Questioned Costs
December 31, 2019

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?	Yes
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

Federal Grantor/CFDA Number	Name of Federal Program
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?	Yes

Center for Adoption Support and Education, Inc.

Schedule of Findings and Questioned Costs
December 31, 2019

Section B - Financial Statement Audit Findings

Finding 2019-001- Material Weakness

Condition:

Nonfederal partner payment expenses were not properly accrued.

Criteria:

Expenses and related payables are to be recognized when the obligations are incurred.

Cause:

Historically, nonfederal partner payments have been recorded on a cash basis that included 12 months of expenses. With the Post Adoption Case Management Grant received in November 2017, the amounts are now material.

Effect:

The December 31, 2019 nonfederal partner payment expense and related accrual recorded by management at the audit was incomplete.

Questioned Costs:

None

Auditor's Recommendation:

We recommend a reconciliation between the nonfederal partner payment expenses to the related general ledger account be performed by the Chief Financial Officer on a monthly basis to ensure all months are recorded when the obligation is incurred.

Views of Responsible Officials and Planned Corrective Actions:

Now that this has come to management's attention, nonfederal partner payments have been properly accrued through December 31, 2019 and will be accrued appropriately on a monthly basis going forward.

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.

CohnReznick

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