

**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, 2021  
(With December 31, 2020 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

### *Opinion*

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, 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Center for Adoption Support and Education, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

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

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditor's Responsibility for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of C.A.S.E.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about C.A.S.E.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Report on Summarized Comparative Information*

We have previously audited C.A.S.E.'s 2020 financial statements and we expressed an unmodified audit opinion on those audited statements in our report dated July 5, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2022, 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.

A handwritten signature in black ink that reads "CohnReznick LLP".

Bethesda, Maryland  
July 18, 2022

**Center for Adoption Support and Education, Inc.**

**Statement of Financial Position  
December 31, 2021  
(with Summarized Comparative Financial Information for 2020)**

	<u>Assets</u>	
	2021	2020
Current assets		
Cash and cash equivalents	\$ 1,073,374	\$ 721,768
Restricted cash and cash equivalents	-	29,668
Investments, short-term	294,947	314,641
Accounts receivable, net	681,459	615,092
Pledges receivable, current portion, net	383,403	61,039
Inventory	15,577	13,763
Prepaid expenses	33,642	21,998
Total current assets	2,482,402	1,777,969
Property and equipment, at cost		
Furniture and equipment	229,743	248,226
Leased equipment	46,271	46,271
Leasehold improvements	22,174	22,174
Website	140,722	116,297
	438,910	432,968
Less accumulated depreciation and amortization	(234,018)	(209,496)
	204,892	223,472
Long-term investments	2,058,612	2,062,563
Long-term pledges receivable, net	31,756	24,035
Deferred compensation asset	70,447	47,154
Other assets - deposits	16,425	18,925
Total assets	\$ 4,864,534	\$ 4,154,118

**Center for Adoption Support and Education, Inc.**

**Statement of Financial Position  
December 31, 2021  
(with Summarized Comparative Financial Information for 2020)**

Liabilities and Net Assets

	2021	2020
Current liabilities		
Capital lease obligations, current portion	\$ 9,222	\$ 9,048
Accounts payable and accrued liabilities	172,794	293,793
Accrued salaries and related benefits	277,863	252,498
Refundable advance	60,957	51,521
Deferred rent abatement, current portion	823	-
	521,659	606,860
Total current liabilities		
Long-term liabilities		
Capital lease obligations, net of current portion	20,591	29,813
Deferred rent abatement, net of current portion	83,307	77,909
Deferred compensation obligation	70,447	47,154
	174,345	154,876
Total long-term liabilities		
Total liabilities	696,004	761,736
Commitments and contingencies		
Net assets		
Net assets without donor restrictions	1,438,903	979,032
Net assets with donor restrictions	2,729,627	2,413,350
	4,168,530	3,392,382
Total net assets		
	\$ 4,864,534	\$ 4,154,118

See Notes to Financial Statements.

**Center for Adoption Support and Education, Inc.**

**Statement of Activities and Change in Net Assets  
Year Ended December 31, 2021  
(with Summarized Comparative Financial Information for 2020)**

	2021			2020
	Without donor restrictions	With donor restrictions	Total	Total
Revenue and support				
Contributions	\$ 601,012	\$ 470,106	\$ 1,071,118	\$ 1,371,033
Grants	3,309,953	-	3,309,953	3,666,247
Paycheck protection program loan forgiveness	659,817	-	659,817	514,022
Counseling	810,185	-	810,185	785,099
Trainings and publications	166,292	-	166,292	280,887
Interest and investment income	6,627	75,761	82,388	43,663
Training adoption competency	414,815	-	414,815	294,497
Special events, net of direct expenses of \$202,638 for 2021 and \$86,339 for 2020	209,004	213,487	422,491	427,816
Other revenue	37,119	-	37,119	72,237
Net assets released - satisfaction of restrictions	443,077	(443,077)	-	-
<b>Total revenue and support</b>	<b>6,657,901</b>	<b>316,277</b>	<b>6,974,178</b>	<b>7,455,501</b>
Expenses				
Program services				
Counseling	2,685,864	-	2,685,864	2,858,471
Education resources and trainings	208,657	-	208,657	323,316
Publications	53,597	-	53,597	81,205
Training adoption competency	342,523	-	342,523	389,747
Youth development	14,364	-	14,364	15,795
National initiatives	1,291,691	-	1,291,691	1,320,493
<b>Total program services</b>	<b>4,596,696</b>	<b>-</b>	<b>4,596,696</b>	<b>4,989,027</b>
Supporting services				
General and administrative	1,273,590	-	1,273,590	967,338
Fundraising	327,744	-	327,744	394,305
<b>Total supporting services</b>	<b>1,601,334</b>	<b>-</b>	<b>1,601,334</b>	<b>1,361,643</b>
<b>Total expenses</b>	<b>6,198,030</b>	<b>-</b>	<b>6,198,030</b>	<b>6,350,670</b>
Change in net assets	459,871	316,277	776,148	1,104,831
Net assets at beginning of year	979,032	2,413,350	3,392,382	2,287,551
Net asset at end of the year	<u>\$ 1,438,903</u>	<u>\$ 2,729,627</u>	<u>\$ 4,168,530</u>	<u>\$ 3,392,382</u>

See Notes to Financial Statements.

**Center for Adoption Support and Education, Inc.**

**Statement of Functional Expenses  
Year Ended December 31, 2021**

	Counseling	Education resources and trainings	Publications	Training adoption competency	Youth development	National initiatives	Total program services	General and administrative	Fundraising	Total supporting services	Total 2021
Salaries	\$ 1,704,745	\$ 143,995	\$ 6,796	\$ 87,934	\$ 7,061	\$ 700,785	\$ 2,651,316	\$ 727,531	\$ 209,250	\$ 936,781	\$ 3,588,097
Benefits	240,829	21,356	1,019	-	1,059	120,839	385,102	174,472	31,387	205,859	590,961
Communications	19,290	160	-	80	-	6,750	26,280	29,044	160	29,204	55,484
Occupancy	127,004	973	7,848	-	-	37,025	172,850	90,708	17,523	108,231	281,081
Depreciation and amortization	-	-	-	-	-	-	-	63,638	-	63,638	63,638
Equipment repairs and maintenance	28,797	-	-	483	-	3,810	33,090	93,136	-	93,136	126,226
Travel	1,835	-	-	1,974	-	14,778	18,587	13,596	455	14,051	32,638
Insurance	1,545	-	-	-	-	-	1,545	12,943	-	12,943	14,488
Interest	-	-	-	-	-	-	-	1,395	-	1,395	1,395
Consultants and professional services	168,714	9,598	-	19,563	-	10,635	208,510	245,042	18,371	263,413	471,923
Training	3,012	(347)	-	-	-	4,385	7,050	2,671	445	3,116	10,166
Postage and printing	3,149	398	821	328	2,820	86	7,602	5,754	12,649	18,403	26,005
Evaluation	20,315	-	-	60,000	-	-	80,315	-	-	-	80,315
Cost of goods sold	253	-	36,213	-	-	-	36,466	-	-	-	36,466
Office expenses	296	-	209	-	65	277	847	5,539	838	6,377	7,224
Supplies and materials	28,764	1,232	64	5,515	3,359	1,763	40,697	11,521	3,475	14,996	55,693
Partner payments	288,058	15,552	-	132,638	-	104,348	520,596	-	-	-	520,596
Advertising and marketing	-	-	-	-	-	5,260	5,260	53,318	250	53,568	58,828
Dues and subscriptions	1,121	-	-	-	-	5,859	6,980	25,247	3,288	28,535	35,515
Miscellaneous	7,640	76	627	17,510	-	20,243	46,096	65,542	29,653	95,195	141,291
Overhead allocation	60,497	15,664	-	16,498	-	254,848	347,507	(347,507)	-	(347,507)	-
<b>Total expenses</b>	<b>\$ 2,685,864</b>	<b>\$ 208,657</b>	<b>\$ 53,597</b>	<b>\$ 342,523</b>	<b>\$ 14,364</b>	<b>\$ 1,291,691</b>	<b>\$ 4,596,696</b>	<b>\$ 1,273,590</b>	<b>\$ 327,744</b>	<b>\$ 1,601,334</b>	<b>\$ 6,198,030</b>

See Notes to Financial Statements.

**Center for Adoption Support and Education, Inc.**

**Statement of Functional Expenses  
Year Ended December 31, 2020**

	Counseling	Education resources and trainings	Publications	Training adoption competency	Youth development	National initiatives	Total program services	General and administrative	Fundraising	Total supporting services	Total 2020
Salaries	\$ 1,506,849	\$ 124,397	\$ 7,561	\$ 87,207	\$ 10,319	\$ 654,102	\$ 2,390,435	\$ 634,540	\$ 196,843	\$ 831,383	\$ 3,221,818
Benefits	233,971	19,083	1,134	1,465	1,548	114,398	371,599	123,085	29,517	152,602	524,201
Communications	23,470	-	263	-	-	6,749	30,482	27,545	-	27,545	58,027
Occupancy	191,739	947	7,848	-	-	34,919	235,453	95,410	17,064	112,474	347,927
Depreciation and amortization	-	-	-	-	-	-	-	70,949	-	70,949	70,949
Equipment repairs and maintenance	57,302	124	-	-	-	14,993	72,419	90,707	-	90,707	163,126
Travel	11,118	(86)	-	2,205	45	19,085	32,367	14,850	1,602	16,452	48,819
Insurance	1,545	-	-	-	-	-	1,545	12,768	-	12,768	14,313
Interest	-	-	-	-	-	-	-	1,326	-	1,326	1,326
Consultants and professional services	152,205	9,265	-	59,701	2,855	9,269	233,295	91,363	104,164	195,527	428,822
Training	3,361	350	-	-	-	375	4,086	29,454	98	29,552	33,638
Postage and printing	4,792	996	1,654	3	200	2,620	10,265	9,624	9,457	19,081	29,346
Evaluation	11,265	11,364	-	83,871	-	-	106,500	-	-	-	106,500
Cost of goods sold	-	-	59,855	-	-	-	59,855	-	-	-	59,855
Office expenses	5,978	-	-	-	-	139	6,117	7,658	-	7,658	13,775
Supplies and materials	44,547	24,797	114	5,307	617	2,517	77,899	15,845	-	15,845	93,744
Partner payments	466,158	108,645	-	132,335	-	224,884	932,022	-	-	-	932,022
Advertising and marketing	10,767	853	-	18	196	14,679	26,513	59,345	2,735	62,080	88,593
Dues and subscriptions	2,322	-	-	-	-	4,267	6,589	18,153	1,103	19,256	25,845
Miscellaneous	3,893	152	2,776	-	15	-	6,836	49,466	31,722	81,188	88,024
Overhead allocation	127,189	22,429	-	17,635	-	217,497	384,750	(384,750)	-	(384,750)	-
<b>Total expenses</b>	<b>\$ 2,858,471</b>	<b>\$ 323,316</b>	<b>\$ 81,205</b>	<b>\$ 389,747</b>	<b>\$ 15,795</b>	<b>\$ 1,320,493</b>	<b>\$ 4,989,027</b>	<b>\$ 967,338</b>	<b>\$ 394,305</b>	<b>\$ 1,361,643</b>	<b>\$ 6,350,670</b>

See Notes to Financial Statements.

**Center for Adoption Support and Education, Inc.**

**Statement of Cash Flows**  
**Year Ended December 31, 2021**  
**(with Summarized Comparative Financial Information for 2020)**

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 776,148	\$ 1,104,831
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	63,638	70,949
Bad debt expense	18,721	12,253
Realized and unrealized gain on investments	(68,125)	(27,783)
Donated investments	(9,125)	(168,091)
Contributions and grants restricted for long-term purposes	(70,718)	(953,856)
Change in deferred rent abatement	6,221	44,335
Changes in		
Accounts receivable	(85,088)	(87,982)
Pledges receivable	(327,861)	383,159
Inventory	(1,814)	(3,864)
Prepaid expenses	(11,644)	2,027
Deposits	2,500	5,550
Deferred compensation asset	(23,293)	(27,508)
Accounts payable and accrued liabilities	(120,999)	(187,188)
Accrued salaries and related benefits	25,365	69,851
Refundable advance	9,436	(45,691)
Deferred compensation obligation	23,293	27,508
	<u>206,655</u>	<u>218,500</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchases of property and equipment	(43,409)	(35,817)
Purchases of investments	(52,874)	(1,127,006)
Proceeds from sale of investments	153,769	4,268
	<u>57,486</u>	<u>(1,158,555)</u>
Net cash provided by (used in) investing activities		
Cash flows from financing activities		
Payment on line of credit	(100,000)	(100,000)
Proceeds from line of credit	100,000	100,000
Payments on capital lease obligations	(10,697)	(10,697)
Proceeds from capital lease obligations	-	-
Collection of contributions and grants restricted for long-term purposes	68,494	869,545
	<u>57,797</u>	<u>858,848</u>
Net cash provided by financing activities		
Net increase (decrease) in cash and cash equivalents, and restricted cash and cash equivalents	321,938	(81,207)
Cash and cash equivalents, and restricted cash and cash equivalents, beginning of year	<u>751,436</u>	<u>832,643</u>
Cash and cash equivalents, and restricted cash and cash equivalents, end of year	<u>\$ 1,073,374</u>	<u>\$ 751,436</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 1,395</u>	<u>\$ 1,326</u>

See Notes to Financial Statements.

**Center for Adoption Support and Education, Inc.**

**Notes to Financial Statements  
December 31, 2021 and 2020**

**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 1,484 (unaudited) 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. a grant 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 Northern Post Adoption Case Consortium Initiative, partnering with Children's Home Society of Virginia, enCircle and NACAC 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 2021, 86 (unaudited) 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 foster and adoption communities. C.A.S.E. offers more than 20 different customized, in-person, and virtual trainings for parents, children and professionals. In 2021, 3,051 (unaudited) registrants signed up for 39 customized trainings and workshops serving parents and professionals, covering a wide array of topics. C.A.S.E. also offered a monthly Strengthening Your Family (SYF) webinar series, reaching more than 2,645 (unaudited) registrants across 10 webinars in 2021. A new offering was a series of three topical webinars/5-week support groups for parents with 1,159 (unaudited) individuals attending across all sessions. C.A.S.E. delivered more than 1,103 (unaudited) in-demand educational webinars to support families and professionals with 461 of the in-demand webinars being purchased.

## Center for Adoption Support and Education, Inc.

### Notes to Financial Statements December 31, 2021 and 2020

*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. In 2020, TAC received accreditation by the Institute of Credentialing Excellence moving TAC to the only adoption competency training program that is assessment based and credentialed. Since 2009, TAC training has been replicated with 147 cohorts, training over 2,262 (unaudited) professionals. In 2021, 20 cohorts of TAC were provided by C.A.S.E. and our 17 partner agencies throughout the United States for a total of 252 students enrolled. Refer to [www.adoptionssupport.org](http://www.adoptionssupport.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. The cooperative agreement has been extended through September 2022 with an additional \$1 million to continue the implementation nationally. Since 2019, 31 state child welfare agencies are either hosting or actively promoting NTI with their staff and another 20 local, state, and national child welfare or mental health private organizations have integrated NTI into practice. In 2021, an additional 2,618 (unaudited) professionals enrolled in NTI for a total of 17,951 individuals enrolling in NTI since 2017.

C.A.S.E. is partnering with Spaulding for Children, the lead agency, on a national initiative to develop state of the art, culturally appropriate training for foster and adoptive parents and guardians. This initiative is funded through a cooperative agreement with the Children's Bureau, Administration on Children and Families, Department of Health and Human Services.

- **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.

## Center for Adoption Support and Education, Inc.

### Notes to Financial Statements December 31, 2021 and 2020

#### Prior year summarized financial information

The financial statements include certain prior-year summarized comparative totals as of and for the year ended December 31, 2020. 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, 2020, 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 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, 2021 and 2020, 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 2018 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, 2021 was approximately \$559,000.

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 statements of cash flows is comprised of the following for the years ended December 31:

	2021	2020
Cash and cash equivalents	\$ 1,073,374	\$ 721,768
Restricted cash and cash equivalents	-	29,668
Total cash and cash equivalents and restricted cash and cash equivalents shown in the statements of cash flows	<u>\$ 1,073,374</u>	<u>\$ 751,436</u>

## Center for Adoption Support and Education, Inc.

### Notes to Financial Statements December 31, 2021 and 2020

#### **Investments**

Investments consist of money funds, certificates of deposit with original maturities in excess of three months, mutual funds, exchange-traded funds, and stocks. Investments in mutual funds, exchange-traded 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 \$12,773 and \$168,091 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, 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 \$18,721 and \$12,253 at December 31, 2021 and 2020, 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, 2021 and 2020, 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).

**Center for Adoption Support and Education, Inc.**

**Notes to Financial Statements  
December 31, 2021 and 2020**

**Refundable advance**

Refundable advance consists mainly of grant and 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**

C.A.S.E. recognizes revenue through the five-step model prescribed by the Financial Accounting Standards Board ("FASB") in the Accounting Standards Codification ("ASC"), *Revenue from Contracts with Customers*: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when a performance obligation is met. The Organization applies the practical expedient in ASC 606-10-50-14 and, therefore, does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Revenue under a C.A.S.E. contract is comprised of an exchange element based on the value of benefits provided. Revenue is recognized over the period to which the contract applies. Revenue received in advance and not yet earned is deferred to the applicable period. Revenue earned but not yet received is recorded as accounts receivable. Accounts receivable for this reciprocal contract at December 31, 2021 is \$98,107.

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, 2021 and 2020 includes \$200,874 and \$127,112, 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.

**Center for Adoption Support and Education, Inc.**

**Notes to Financial Statements  
December 31, 2021 and 2020**

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 in the statements of financial position. C.A.S.E. has executed conditional grant agreements totaling approximately \$1.2 million that have not been recognized as of December 31, 2021.

C.A.S.E. receives funding under cost-reimbursable federal and state grants and contracts which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when C.A.S.E. has incurred expenditures in compliance with specific grant or contract provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advance in the statements of financial position.

**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.

**Center for Adoption Support and Education, Inc.**

**Notes to Financial Statements  
December 31, 2021 and 2020**

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, 2021 and 2020, the following table reflects 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:

	2021	2020
Financial assets at year-end		
Cash and cash equivalents	\$ 1,073,374	\$ 751,436
Accounts receivable, net	681,459	615,092
Pledges receivable, net	415,159	85,074
Investments, short-term	294,947	314,641
Investments, long-term	2,058,612	2,062,563
	4,523,551	3,828,806
Less those unavailable for general expenditure within one year due to		
Restricted cash and cash equivalents for endowment	-	(29,668)
Investments subject to donor restrictions	(2,058,612)	(2,062,563)
Pledges restricted for endowment	(22,813)	(25,237)
Long-term pledges receivable due in excess of one year	(31,756)	(24,035)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,410,370	\$ 1,687,303

As noted in Note 5, C.A.S.E. has an additional \$750,000 available to draw upon from their line of credit to meet general expenditures.

**Note 3 - Investments**

Investments consist of the following at December 31:

	2021	2020
Money funds	\$ 227,277	\$ 1,128,738
Certificates of deposit	894,711	1,201,105
Equities - mutual funds and exchange-traded funds	1,153,961	9,995
Equities - stocks	77,610	37,366
	2,353,559	2,377,204
Less short-term investments	(294,947)	(314,641)
Long-term investments	\$ 2,058,612	\$ 2,062,563

**Center for Adoption Support and Education, Inc.**

**Notes to Financial Statements  
December 31, 2021 and 2020**

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

	<u>2021</u>	<u>2020</u>
Dividend income	\$ 16,206	\$ 9,005
Interest income	5,474	11,143
Realized and unrealized gain on investments, net	68,125	27,783
Investment fees	<u>(7,417)</u>	<u>(4,268)</u>
	<u>\$ 82,388</u>	<u>\$ 43,663</u>

**Note 4 - Pledges receivable**

Pledges receivable consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Pledges receivable less than one year	\$ 381,781	\$ 61,039
Pledges receivable in one to five years	<u>35,000</u>	<u>25,764</u>
Total pledges receivable	416,781	86,803
Less discount to present value	<u>1,622</u>	<u>1,729</u>
Pledges receivable, net	415,159	85,074
Less current portion	<u>(383,403)</u>	<u>(61,039)</u>
Pledges receivable, net of current portion	<u>\$ 31,756</u>	<u>\$ 24,035</u>

For the years ended December 31, 2021 and 2020, pledges receivable due in excess of one year were discounted based on a discount rate of 4.25% - 8.25%.

**Note 5 - Line of credit**

C.A.S.E. has a \$750,000 line of credit, which bears interest at the Wall Street Journal's prime rate plus 1%. The line of credit is secured by any and all property of C.A.S.E. The line of credit has no maturity date. There is no amount outstanding at December 31, 2021 and 2020.

**Note 6 - Capital lease obligations**

C.A.S.E. accounts for leases of office equipment as capital leases. In March 2020, C.A.S.E. entered a capital lease for a new copier which expires February 2025. The asset and related liability under the capital lease are recorded at the present value of the minimum lease payments at the lease inception. The asset is amortized over the term of the lease, which approximates its estimated productive life. As of December 31, 2021, the cost and related accumulated amortization of the leased asset was \$46,271 and \$16,966, respectively. As of December 31, 2020, the cost and related accumulated amortization of the leased asset was \$46,271 and \$7,712, respectively. Amortization expense for the years ended December 31, 2021 and 2020 was \$9,254 and \$7,712, respectively.

**Center for Adoption Support and Education, Inc.**

**Notes to Financial Statements  
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Future minimum lease payments for the years ending December 31 are as follows:

	2022	\$	9,708
	2023		9,708
	2024		9,708
	2025		1,618
			30,742
Less amount representing interest			(929)
			29,813
Less capital lease obligations, current portion			(9,222)
Capital lease obligations, net of current portion		\$	20,591

**Note 7 - Net assets with donor restrictions**

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

	2021	2020
Corpus and expendable portion of Endowment Fund	\$ 2,079,531	\$ 2,111,237
Subject to passage of time	317,345	59,837
Counseling fees - family assistance and staff training	329,863	227,669
Transitioning foster youth	-	5,000
Wise Up Gala Video	2,888	7,668
United Way of Central MD Community Fund	-	795
Website development	-	1,144
	\$ 2,729,627	\$ 2,413,350

**Note 8 - Lease commitments**

C.A.S.E. leases office space in different locations. The main office is in Burtonsville, Maryland, and C.A.S.E. also currently has offices in Baltimore City, Maryland; Frederick, Maryland; Prince George's County, Maryland; Towson, Maryland; Sterling, Virginia; Annandale, Virginia; and Washington, DC.

The Burtonsville, Maryland office space is leased under an agreement, which originated in December 2018, 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 Baltimore City, Maryland office space is donated to C.A.S.E. through the Baltimore City Department of Social Services. The office space commenced November 15, 2021 and does not have a maturity date. The value of the in-kind lease is approximately \$750 per month.

## Center for Adoption Support and Education, Inc.

### Notes to Financial Statements December 31, 2021 and 2020

The Frederick, Maryland office space lease was subleased under a one year agreement that will commence January 10, 2022 and will terminate January 9, 2023. The sublease agreement is renewable 30 days prior to the end of the term.

The Prince George's County, Maryland office space was leased under one year agreement that commenced February 1, 2019 and terminated January 31, 2020. As of February 1, 2020, C.A.S.E. continued its lease on a month-to-month agreement.

The Towson, Maryland office space is leased under a one-year agreement, that has been extended from year to year. The lease was most recently renewed for one year effective March 1, 2022.

The Sterling, Virginia office space was leased under an agreement, which as amended, expired December 31, 2021. In November 2021, C.A.S.E. renewed the lease for an additional three years beginning January 1, 2022. Base rent includes all operating expenses and taxes.

The Annandale, Virginia office space is leased under an agreement signed in April 2022. The lease term is 52 months, and will commence upon the earlier of the tenant improvements being substantially completed or the date C.A.S.E. accepts possession of the premises, which is expected to be June 2022. Base rent under the lease will increase by 2.5% each year. In addition to the base rent, C.A.S.E. is responsible for its proportionate share of operating expenses and taxes. The lease includes a rent abatement of 100% for the first three months of the lease and for the first two months of the second lease year. The lease has an option to renew for an additional three years.

The Washington, DC office space will be leased under a one year agreement that will commence April 1, 2022 and terminate March 31, 2023. The lease will renew automatically on a month-to-month basis on the lease termination date unless written notice to terminate has been given by either party no less than 90 days prior to the termination date.

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.

Future minimum lease payments required under the above-mentioned leases are as follows:

2022	\$	306,155
2023		294,937
2024		300,898
2025		258,548
2026		255,262
2027 and beyond		<u>250,615</u>
	\$	<u><u>1,666,415</u></u>

Total occupancy expense for the years ended December 31, 2021 and 2020 was \$279,956 and \$347,927, respectively.

## Center for Adoption Support and Education, Inc.

### Notes to Financial Statements December 31, 2021 and 2020

#### 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 50% of each employee's contribution, up to 4% of gross wages. Contributions to the plan during the years ended December 31, 2021 and 2020 totaled \$35,275 and \$28,925, 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"). C.A.S.E. did not contribute for the years ended December 31, 2021 or 2020.

#### 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.

## Center for Adoption Support and Education, Inc.

### Notes to Financial Statements December 31, 2021 and 2020

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. C.A.S.E. did not have underwater endowments in 2021 or 2020.

#### **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.
- Beginning in 2021, the investment strategy includes sustainable, socially conscious, green or ethical investing, which seeks to consider both financial return and social good to bring about positive change.

#### **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.

**Center for Adoption Support and Education, Inc.**

**Notes to Financial Statements  
December 31, 2021 and 2020**

Changes in the donor-restricted endowment fund for the years ended December 31, 2021 and 2020 are as follows:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment net assets, January 1, 2020	\$ -	\$ 1,231,693	\$ 1,231,693
Contributions	-	840,879	840,879
Interest, dividends, net of fees	-	11,908	11,908
Realized and unrealized gain on investments, net	-	26,757	26,757
Appropriation for expenditure	-	-	-
Donor-restricted endowment net assets, December 31, 2020	-	2,111,237	2,111,237
Contributions	-	-	-
Interest, dividends, net of fees	-	12,036	12,036
Realized and unrealized gain on investments, net	-	56,458	56,458
Appropriation for expenditure	-	(100,000)	(100,000)
Donor-restricted endowment net assets, December 31, 2021	<u>\$ -</u>	<u>\$ 2,079,731</u>	<u>\$ 2,079,731</u>

**Center for Adoption Support and Education, Inc.**

**Notes to Financial Statements  
December 31, 2021 and 2020**

**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, 2021 and 2020 are as follows:

December 31, 2021	Fair value	Fair value measurements at reporting date using		
		Quoted prices in active markets for identical assets/liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<u>Assets</u>				
Money funds	\$ 227,277	\$ 227,277	\$ -	\$ -
Certificates of deposit	894,711	-	894,711	-
Equities - mutual funds and exchange-traded funds	1,153,961	1,153,961	-	-
Equities - stocks	77,610	77,610	-	-
Deferred compensation asset	70,447	70,447	-	-
Total assets	<u>\$ 2,424,006</u>	<u>\$ 1,529,295</u>	<u>\$ 894,711</u>	<u>\$ -</u>
<u>Liabilities</u>				
Deferred compensation obligation	<u>\$ (70,447)</u>	<u>\$ (70,447)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2020</u>				
<u>Assets</u>				
Money funds	\$ 1,128,738	\$ 1,128,738	\$ -	\$ -
Certificates of deposit	1,201,105	-	1,201,105	-
Equities - mutual funds and exchange-traded funds	9,995	9,995	-	-
Equities - stocks	37,366	37,366	-	-
Deferred compensation asset	47,154	47,154	-	-
Total assets	<u>\$ 2,424,358</u>	<u>\$ 1,223,253</u>	<u>\$ 1,201,105</u>	<u>\$ -</u>
<u>Liabilities</u>				
Deferred compensation obligation	<u>\$ (47,154)</u>	<u>\$ (47,154)</u>	<u>\$ -</u>	<u>\$ -</u>

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

**Center for Adoption Support and Education, Inc.**

**Notes to Financial Statements  
December 31, 2021 and 2020**

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 - Risk and uncertainties**

**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. Effective March 13, 2020, all staff worked remotely. All programs have been operating virtually with no delay in services. 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.

**Note 14 - Paycheck Protection Program Loans**

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 (the "PPP Loan") 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. Prior to December 31, 2020, C.A.S.E. applied for forgiveness of the PPP loan. In January 2021 C.A.S.E. received an affirmation of the acceptance of its forgiveness request, and termination of its obligation. C.A.S.E. elected to record the forgiveness of the PPP loan as grant revenue for the year ended December 31, 2020, in accordance with ASC-958-605.

On March 24, 2021, C.A.S.E. obtained a promissory note of \$659,817 from its bank under SBA's second PPP Loan 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 balance, unless otherwise forgiven in whole or part by SBA under the CARES Act. In October 2021 C.A.S.E. received an affirmation of the acceptance of its forgiveness request, and termination of its obligation. C.A.S.E. elected to record the forgiveness of the PPP loan as grant revenue for the year ended December 31, 2021, in accordance with ASC-958-605.

There is a six-year period during which the SBA can review C.A.S.E.'s forgiveness on its calculations.

**Note 15 - Subsequent events**

C.A.S.E. has evaluated subsequent events from the statement of financial position date through July 18, 2022, the date at which the financial statements were issued.

## **Supplementary Information**

**Center for Adoption Support and Education, Inc.**

**Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2021**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Assistance Listing Number (ALN)	Pass-Through Entity Award Number	Total Federal Expenditures	Provided To Subrecipients
<b>Department of Health and Human Services</b>				
Adoption Opportunities	93.652	N/A	\$ 1,027,831	None
Adoption Opportunities Pass-Through Spaulding for Children	93.652	90CO1134	<u>202,939</u>	None
Total Expenditures of Federal Awards			<u>\$ 1,230,770</u>	

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, 2021**

**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, 2021. 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 the cost principles contained in the 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 and 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, 2021, 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 July 18, 2022.

#### 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 the audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CohnReznick LLP*

Bethesda, Maryland  
July 18, 2022

Independent Auditor's Report on Compliance for Each Major Program and Report on  
Internal Control over Compliance in Accordance with the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

*Opinion on Each Major Federal Program*

We have audited Center for Adoption Support and Education, Inc.'s ("C.A.S.E.") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on C.A.S.E.'s major federal program for the year ended December 31, 2021. 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.

In our opinion, C.A.S.E. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

*Basis for Opinion on Major Federal Program*

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

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

*Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to C.A.S.E.'s federal programs.

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

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

### Report on Internal Control over Compliance

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

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

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

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

*CohnReznick LLP*

Bethesda, Maryland  
July 18, 2022

Center for Adoption Support and Education, Inc.

Schedule of Findings and Questioned Costs  
December 31, 2021

**Section I - Summary of Auditor's Results**

Financial Statements

Type of report the auditor issued on whether the audited financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

yes  no  
 yes  none reported

Noncompliance material to financial statements noted?

yes  no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

yes  no  
 yes  none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes  no

Identification of major federal programs:

Assistance Listing Number (ALN)

Name of Federal Program or Cluster

ALN # 93.652

Adoption Opportunities

Dollar threshold used to distinguish between type A and B programs

\$750,000

Auditee qualified as low-risk auditee?

yes  no

**Center for Adoption Support and Education, Inc.**

**Schedule of Findings and Questioned Costs  
December 31, 2021**

**Section II - Financial Statement Findings**

None reported.

**Section III - Federal Award Findings and Questioned Costs**

None reported.



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