

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, 2020
(With December 31, 2019 Summarized
Comparative Financial Information)**

Center for Adoption Support and Education, Inc.

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Independent Auditor's Report

To the Board of Directors
Center for Adoption Support 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, 2020, 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, 2020, 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.

Report on Summarized Comparative Information

We have previously audited C.A.S.E.'s 2019 financial statements and we expressed an unmodified opinion on those statements in our report dated June 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 5, 2021 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 5, 2021

Center for Adoption Support and Education, Inc.

**Statement of Financial Position
December 31, 2020
(with Summarized Comparative Financial Information for 2019)**

	<u>Assets</u>	
	2020	2019
Current assets		
Cash and cash equivalents	\$ 721,768	\$ 580,987
Restricted cash and cash equivalents	29,668	251,656
Investments, short-term	314,641	174,864
Accounts receivable, net	615,092	539,363
Pledges receivable, current portion, net	61,039	328,217
Inventory	13,763	9,899
Prepaid expenses	21,998	24,025
Total current assets	1,777,969	1,909,011
Property and equipment, at cost		
Furniture and equipment	248,226	270,171
Leased equipment	46,271	76,221
Leasehold improvements	22,174	22,714
Website	116,297	92,597
	432,968	461,703
Less accumulated depreciation and amortization	(209,496)	(250,050)
	223,472	211,653
Long-term investments	2,062,563	883,728
Long-term pledges receivable, net	24,035	55,705
Deferred compensation asset	47,154	19,646
Other assets - deposits	18,925	24,475
Total assets	\$ 4,154,118	\$ 3,104,218

Center for Adoption Support and Education, Inc.

**Statement of Financial Position
December 31, 2020
(with Summarized Comparative Financial Information for 2019)**

Liabilities and Net Assets

	2020	2019
Current liabilities		
Capital lease obligations, current portion	\$ 9,048	\$ 2,607
Accounts payable and accrued liabilities	293,793	480,981
Accrued salaries and related benefits	252,498	182,647
Refundable advance	51,521	97,212
Deferred rent abatement, current portion	-	6,664
	606,860	770,111
Total current liabilities		
Long-term liabilities		
Capital lease obligations, net of current portion	29,813	-
Deferred rent abatement, net of current portion	77,909	26,910
Deferred compensation obligation	47,154	19,646
	154,876	46,556
Total long-term liabilities		
Total liabilities	761,736	816,667
Commitments and contingencies		
Net assets		
Net assets without donor restrictions	979,032	643,949
Net assets with donor restrictions	2,413,350	1,643,602
	3,392,382	2,287,551
Total net assets		
	\$ 4,154,118	\$ 3,104,218

See Notes to Financial Statements.

Center for Adoption Support and Education, Inc.

**Statement of Activities and Change in Net Assets
Year Ended December 31, 2020
(with Summarized Comparative Financial Information for 2019)**

	2020			2019
	Without donor restrictions	With donor restrictions	Total	Total
Revenue and support				
Contributions	\$ 524,362	\$ 846,671	\$ 1,371,033	\$ 954,687
Grants	3,655,047	11,200	3,666,247	5,050,082
Paycheck protection program loan forgiveness	514,022	-	514,022	-
Counseling	785,099	-	785,099	707,038
Trainings and publications	280,887	-	280,887	105,435
Interest and investment income	917	42,746	43,663	89,532
Training adoption competency	294,497	-	294,497	187,500
Special events, net of direct expenses of \$86,339 for 2020 and \$111,994 for 2019	240,019	187,797	427,816	340,307
Other revenue	72,237	-	72,237	50,771
Net assets released - satisfaction of restrictions	318,666	(318,666)	-	-
Total revenue and support	6,685,753	769,748	7,455,501	7,485,352
Expenses				
Program services				
Counseling	2,858,471	-	2,858,471	3,105,401
Education resources and trainings	323,316	-	323,316	271,493
Publications	81,205	-	81,205	43,111
Training adoption competency	389,747	-	389,747	364,092
Youth development	15,795	-	15,795	31,994
National initiatives	1,320,493	-	1,320,493	2,286,968
Total program services	4,989,027	-	4,989,027	6,103,059
Supporting services				
General and administrative	967,338	-	967,338	849,977
Fundraising	394,305	-	394,305	376,084
Total supporting services	1,361,643	-	1,361,643	1,226,061
Total expenses	6,350,670	-	6,350,670	7,329,120
Change in net assets	335,083	769,748	1,104,831	156,232
Net assets at beginning of year	643,949	1,643,602	2,287,551	2,131,319
Net asset at end of the year	<u>\$ 979,032</u>	<u>\$ 2,413,350</u>	<u>\$ 3,392,382</u>	<u>\$ 2,287,551</u>

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	(66)	-	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)	-
Total expenses	\$ 2,858,471	\$ 323,316	\$ 81,205	\$ 389,747	\$ 15,795	\$ 1,320,493	\$ 4,989,027	\$ 967,338	\$ 394,305	\$ 1,361,643	\$ 6,350,670

See Notes to Financial Statements.

Center for Adoption Support and Education, Inc.

**Statement of Functional Expenses
Year Ended December 31, 2019**

	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
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
Benefits	213,495	16,085	1,431	696	1,845	119,938	353,490	108,754	27,203	135,957	489,447
Communications	27,417	2,388	-	-	-	5,769	35,574	37,462	-	73,036	73,036
Occupancy	198,796	942	7,848	-	-	21,370	228,956	55,398	16,970	72,368	301,324
Depreciation and amortization	-	-	-	-	-	-	-	57,722	-	57,722	57,722
Equipment repairs and maintenance	48,561	-	-	-	-	3,195	51,756	60,140	-	60,140	111,896
Travel	65,703	4,399	64	5,879	6,082	160,283	242,410	41,825	5,182	47,007	289,417
Insurance	-	-	-	-	-	-	-	11,558	-	11,558	11,558
Interest	-	-	-	-	-	-	-	4,894	-	4,894	4,894
Consultants and professional services	89,414	3,300	-	162,840	4,403	37,625	297,582	113,691	120,357	234,048	531,630
Training	3,575	-	-	-	-	245	3,820	5,551	59	5,610	9,430
Postage and printing	6,033	756	2,999	222	2,389	13,866	26,265	28,646	4,072	32,718	58,983
Evaluation	38,848	22,728	-	65,499	-	-	127,075	-	-	-	127,075
Cost of goods sold	1,955	215	18,191	-	-	-	20,361	-	-	-	20,361
Office expenses	2,022	-	-	-	-	80	2,102	33,271	34	33,305	35,407
Supplies and materials	17,280	679	164	4,308	5,186	3,869	31,486	15,701	2,026	17,727	49,213
Partner payments	843,441	117,851	-	61,000	-	972,220	1,994,512	-	-	-	1,994,512
Advertising and marketing	8,055	17	-	345	-	28,260	36,677	65,510	1,965	67,475	104,152
Dues and subscriptions	-	-	-	-	-	2,295	2,495	5,831	1,465	7,296	9,791
Miscellaneous	200	339	2,871	107	-	-	6,609	49,422	15,397	64,819	71,428
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

See Notes to Financial Statements.

Center for Adoption Support and Education, Inc.

Statement of Cash Flows
Year Ended December 31, 2020
(with Summarized Comparative Financial Information for 2019)

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 1,104,831	\$ 156,232
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	70,949	57,722
Bad debt expense	12,513	5,550
Realized and unrealized gain on investments	(27,783)	(71,481)
Donated investments	(168,091)	(21,209)
Contributions and grants restricted for long-term purposes	(953,856)	(84,262)
Change in deferred rent abatement	44,335	5,230
Changes in		
Accounts receivable	(87,982)	156,805
Pledges receivable	382,899	146,998
Inventory	(3,864)	(675)
Prepaid expenses	2,027	60,254
Deposits	5,550	3,850
Deferred compensation asset	(27,508)	(19,646)
Accounts payable and accrued liabilities	(187,188)	102,066
Accrued salaries and related benefits	69,851	(46,396)
Refundable advance	(45,691)	21,978
Deferred compensation obligation	27,508	19,646
	<u>218,500</u>	<u>492,662</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchases of property and equipment	(35,817)	(135,625)
Purchases of investments	(1,127,006)	(632,293)
Proceeds from sale of investments	4,268	495,824
	<u>(1,158,555)</u>	<u>(272,094)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Payment on line of credit	(100,000)	(200,000)
Proceeds from line of credit	100,000	200,000
Payments on capital lease obligations	(10,697)	(15,591)
Collection of contributions and grants restricted for long-term purposes	869,545	21,209
	<u>858,848</u>	<u>5,618</u>
Net cash provided by financing activities		
Net increase (decrease) in cash and cash equivalents, and restricted cash and cash equivalents	(81,207)	226,186
Cash and cash equivalents, and restricted cash and cash equivalents, beginning of year	<u>832,643</u>	<u>606,457</u>
Cash and cash equivalents, and restricted cash and cash equivalents, end of year	<u>\$ 751,436</u>	<u>\$ 832,643</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 1,326</u>	<u>\$ 4,894</u>

See Notes to Financial Statements.

Center for Adoption Support and Education, Inc.

**Notes to Financial Statements
December 31, 2020 and 2019**

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 1,848 (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. two 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 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 2020, 131 (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 2020, 6,599 (unaudited) registrants signed up for 41 customized trainings and workshops serving parents and professionals, covering a wide array of topics. C.A.S.E. also offers a monthly Strengthening Your Family webinar series, reaching more than 4,899 (unaudited) registrants across 50 states and 15 countries in 2020 alone. C.A.S.E. delivered more than 11,000 (unaudited) FREE in-demand educational webinars to help families and professionals cope during COVID-19.

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.

Center for Adoption Support and Education, Inc.

Notes to Financial Statements December 31, 2020 and 2019

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 125 cohorts, training over 1,950 (unaudited) professionals. Currently, TAC is being offered in 17 sites throughout the United States with 16 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. The cooperative agreement has been extended through September 2021 with an additional \$1 million to continue the implementation nationally. 10 new state child welfare systems and 5 private organizations have incorporated NTI curricula into their staff training with a total now of 26 national NTI sites. They continue to report improvements in staff skills in using strategies and practical tools to provide the best possible services for children and families. In 2020, an additional 5,251 (unaudited) professionals enrolled in NTI.

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 Administration on Children Youth and Families, Children's Bureau.

- **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, 2019. Such information does not include sufficient detail to constitute a

Center for Adoption Support and Education, Inc.

Notes to Financial Statements December 31, 2020 and 2019

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, 2019, 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, 2020 and 2019, 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 2017 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, 2020 was approximately \$191,000.

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:

	2020	2019
Cash and cash equivalents	\$ 721,768	\$ 580,987
Restricted cash and cash equivalents	29,668	251,656
Total cash and cash equivalents and restricted cash and cash equivalents shown in the statements of cash flows	<u>\$ 751,436</u>	<u>\$ 832,643</u>

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

Center for Adoption Support and Education, Inc.

Notes to Financial Statements December 31, 2020 and 2019

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 \$168,091 and \$327,284 for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, 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 \$12,253 and \$5,550 at December 31, 2020 and 2019, 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, 2020 and 2019, 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.

Center for Adoption Support and Education, Inc.

Notes to Financial Statements December 31, 2020 and 2019

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 in the statements of financial position. C.A.S.E. has executed conditional grant agreements totaling approximately \$1,000,000 that have not been recognized at December 31, 2020.

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.

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, 2020 and 2019 includes \$127,112 and \$64,860, 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.

Center for Adoption Support and Education, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

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, 20120, 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	\$ 751,436
Accounts receivable, net	615,092
Pledges receivable, net	85,074
Investments, short-term	314,641
Investments, long-term	<u>2,062,563</u>
	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	(2,062,563)
Pledges restricted for endowment	(25,237)
Long-term pledges receivable due in excess of one year	<u>(24,035)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,687,303</u></u>

As noted in Note 5, C.A.S.E. has an additional \$500,000 available to draw upon from their line of credit to meet general expenditures.

Center for Adoption Support and Education, Inc.

**Notes to Financial Statements
December 31, 2020 and 2019**

Note 3 - Investments

Investments consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Money funds	\$ 1,128,738	\$ 87,830
Certificates of deposit	1,201,105	565,728
Equities - mutual funds	3,516	361,528
Equities - stocks	37,366	43,506
Fixed income - mutual funds	<u>6,479</u>	<u>-</u>
	2,377,204	1,058,592
Less short-term investments	<u>(314,641)</u>	<u>(174,864)</u>
Long-term investments	<u>\$ 2,062,563</u>	<u>\$ 883,728</u>

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

	<u>2020</u>	<u>2019</u>
Dividend income	\$ 9,005	\$ 6,224
Interest income	11,143	14,793
Realized and unrealized gain on investments, net	27,783	71,481
Investment fees	<u>(4,268)</u>	<u>(2,966)</u>
	<u>\$ 43,663</u>	<u>\$ 89,532</u>

Note 4 - Pledges receivable

Pledges receivable consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Pledges receivable less than one year	\$ 61,039	328,217
Pledges receivable in one to five years	<u>25,764</u>	<u>62,402</u>
Total pledges receivable	86,803	390,619
Less discount to present value	<u>1,729</u>	<u>6,697</u>
Pledges receivable, net	85,074	383,922
Less current portion	<u>(61,039)</u>	<u>(328,217)</u>
Pledges receivable, net of current portion	<u>\$ 24,035</u>	<u>\$ 55,705</u>

For the years ended December 31, 2020 and 2019, pledges receivable due in excess of one year were discounted based on a discount rate of 8.25%.

Center for Adoption Support and Education, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

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. In June 2020, C.A.S.E. amended its bank line of credit to increase its line of credit to \$500,000. Amounts borrowed under this agreement 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. There is no amount outstanding at December 31, 2020 and 2019.

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 and phone expired December 2019, and April 2020, respectively. 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, 2019, the cost and related accumulated amortization of the leased assets totaled \$76,221 and \$76,221. 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 year ended December 31, 2020 was \$7,713. Amortization expense for the year ended December 31, 2019 was \$15,245.

Future minimum lease payments for the years ending December 30 are as follows:

	2021	\$	9,708
	2022		9,708
	2023		9,708
	2024		9,708
	2025		<u>1,618</u>
			40,450
	Less amount representing interest		<u>(1,589)</u>
			38,861
	Less: Capital lease obligations, current portion		<u>(9,048)</u>
	Capital lease obligations, net of current portion	\$	<u><u>29,813</u></u>

Center for Adoption Support and Education, Inc.

**Notes to Financial Statements
December 31, 2020 and 2019**

Note 7 - Net assets with donor restrictions

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

	2020	2019
Corpus and expendable portion of Endowment Fund	\$ 2,111,237	\$ 1,231,693
Subject to passage of time	59,837	233,290
Counseling fees - family assistance and staff training	227,669	146,290
Transitioning foster youth	5,000	5,000
Wise Up Gala Video	7,668	12,448
United Way of Central MD Community Fund	795	-
Website development	1,144	14,881
	\$ 2,413,350	\$ 1,643,602

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:

	2020	2019
Passage of time	\$ 179,245	\$ 41,845
Greater Washington Community Foundation		
Sharing Montgomery	5,000	-
United Way of Central MD Community Fund	5,405	-
Prince George's County Executive community partnership	-	271
Expansion of Baltimore counseling		60,000
Growing together campaign	-	72,066
Staff bonuses	-	-
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	106,417	55,488
Endowment Investment fees	4,080	2,966
	\$ 318,666	\$ 320,350

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 Prince George's County, Maryland; and Sterling, Virginia.

The Burtonsville, Maryland office space is leased under an agreement, which originated in December 2018 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.

Center for Adoption Support and Education, Inc.

Notes to Financial Statements December 31, 2020 and 2019

The Prince George's County, Maryland office space was leased under one year lease 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 Annandale, Virginia office space was leased under a lease that commenced April 2015 and expired September 2020. As of December 31, 2020, the office space lease was fully terminated.

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 July 2020, C.A.S.E. terminated its lease as of July 31, 2020.

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, 2020 and expires December 31, 2021. Base rent includes all operating expenses and taxes. In May 2020, C.A.S.E. received a 20% reduction in rent beginning July 1, 2020 through the remainder of the lease from the landlord.

The Albany, New York office space was 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 expired September 30, 2020. The lease was not renewed and no new leases were signed as of December 31, 2020.

The Baltimore, Maryland office space is leased under an agreement that commenced September 1, 2018 and expired January 31, 2019. In February 2019, C.A.S.E. renewed the lease for 1 year that commenced February 1, 2019 and expired January 31, 2020. 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 expired August 31, 2020. The lease was renewed on October 1, 2020 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:

2021	\$	244,294
2022		201,675
2023		207,221
2024		212,920
2025 and beyond		694,182
		<hr/>
	\$	1,560,292
		<hr/>

Total rent expense for the years ended December 31, 2020 and 2019 was \$347,927 and \$301,097, respectively.

Center for Adoption Support and Education, Inc.

**Notes to Financial Statements
December 31, 2020 and 2019**

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 year ended December 31, 2020 and 2019 totaled \$28,925 and \$27,678, 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 \$19,500 for the year ended December 31, 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, 2020 and 2019

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.

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.

Center for Adoption Support and Education, Inc.

**Notes to Financial Statements
December 31, 2020 and 2019**

The corpus and expendable portion of the endowment net asset composition by type of fund at December 31, 2020 is as follows:

Donor-restricted endowment net assets, January 1, 2019	\$ 1,147,429
Contributions	3,892
Interest, dividends, net of fees	13,517
Realized and unrealized gain (loss) on investments, net	66,855
Appropriations	-
	<hr/>
Donor-restricted endowment net assets, December 31, 2019	1,231,693
Contributions	840,879
Interest, dividends, net of fees	11,908
Realized and unrealized gain on investments, net	26,757
Appropriations	-
	<hr/>
Endowment net assets, December 31, 2020	<u><u>\$ 2,111,237</u></u>

Center for Adoption Support and Education, Inc.

**Notes to Financial Statements
December 31, 2020 and 2019**

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, 2020 and 2019 are as follows:

December 31, 2020	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	\$ 1,128,738	\$ 1,128,738	\$ -	\$ -
Certificates of deposit	1,201,105	-	1,201,105	-
Equities - mutual funds	3,516	3,516	-	-
Equities - Stocks	37,366	37,366	-	-
Fixed income - mutual funds	6,479	6,479	-	-
Deferred compensation asset	47,154	47,154	-	-
	<u>\$ 2,424,358</u>	<u>\$ 1,223,253</u>	<u>\$ 1,201,105</u>	<u>\$ -</u>
<u>Liabilities</u>				
Deferred compensation obligation	\$ (47,154)	\$ (47,154)	\$ -	\$ -
<u>December 31, 2019</u>				
<u>Assets</u>				
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	-	-
	<u>\$ 1,078,238</u>	<u>\$ 512,510</u>	<u>\$ 565,728</u>	<u>\$ -</u>
<u>Liabilities</u>				
Deferred compensation obligation	\$ (19,646)	\$ (19,646)	\$ -	\$ -

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, 2020 and 2019**

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 uncertainty

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 Loan and grant

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. 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. In January 2021 C.A.S.E. received an affirmation of the acceptance of its forgiveness request, and termination of its obligation. As of December 31, 2020, C.A.S.E. elected to record the full balance of the PPP Loan as revenue in the statements of activities and change net assets, in accordance with ASC-958-958-605.

Note 15 - Subsequent events

C.A.S.E. has evaluated subsequent events from the statement of financial position date through July 5, 2021, the date at which the financial statements were issued.

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. If the note is not forgiven, payments will begin 10 months from the date of the note until maturity on March 24, 2026, when the entire principal balance, along with all the 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, 2020**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Award Number	Total Federal Expenditures	Provided To Subrecipients
Department of Health and Human Services				
Adoption Opportunities	93.652	N/A	\$ 1,082,790	None
Adoption Opportunities Pass-Through Spaulding for Children	93.652	90CO1134	<u>198,337</u>	None
Total Expenditures of Federal Awards			<u><u>\$ 1,281,127</u></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, 2020**

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, 2020. 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, 2020, 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 5, 2021.

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 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 5, 2021

Independent Auditor's Report on Compliance for Each Major Program and 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

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 its major federal program for the year ended December 31, 2020. 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 program.

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* (CFR) 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, 2020.

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.

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

Bethesda, Maryland
July 5, 2021

Center for Adoption Support and Education, Inc.

Schedule of Findings and Questioned Costs
December 31, 2020

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? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? 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:

CFDA Number

Name of Federal Program or Cluster

CFDA # 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, 2020**

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.



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