CENTER FOR ADOPTION SUPPORT AND EDUCATION, INC.

SINGLE AUDIT FINANCIAL REPORT
UNDER UNIFORM GUIDANCE

DECEMBER 31, 2022

CENTER FOR ADOPTION SUPPORT AND EDUCATION, INC.

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CBM
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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Center for Adoption Support and Education, Inc., as of December 31, 2022, 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 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 opinions.

Emphasis of Matter

As discussed in Note 2 of the financial statements, C.A.S.E. adopted Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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.

Other Matters

The financial statements of Center for Adoption Support and Education, Inc., as of December 31, 2021, were audited by other auditors whose report dated July 18, 2022, expressed an unmodified opinion on those statements. The comparative information presented herein as of and for the year ended December 31, 2021, 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*

Supplementary Information (Continued)

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 7, 2023, 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.

Councilor, Buchanan & Mitchell, P.C.

Bethesda, Maryland
July 7, 2023

Certified Public Accountants

CENTER FOR ADOPTION SUPPORT AND EDUCATION, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2021)

	2022 Total	2021 Total
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 1,072,476**	$ 1,073,374
Restricted Cash and Cash Equivalents	**1,104**	-
Investments, Short-Term	**317,828**	294,947
Accounts Receivable, Net	**610,295**	681,459
Pledges Receivable, Current Portion, Net	**241,710**	383,403
Inventory	**8,720**	15,577
Prepaid Expenses	**63,550**	33,642
Total Current Assets	**2,315,683**	2,482,402
Property and Equipment, at Cost		
Furniture and Equipment	**282,710**	229,743
Lease Equipment	**-**	46,271
Leasehold Improvements	**22,170**	22,174
Website	**226,159**	140,722
	531,039	438,910
Less Accumulated Depreciation	**(278,020)**	(234,018)
	253,019	204,892
Long-Term Investments	**1,854,522**	2,058,612
Long-Term Pledges Receivable, Net	**4,610**	31,756
Deferred Compensation Asset	**75,610**	70,447
Operating Right-of-Use Asset	**1,232,238**	-
Finance Right-of-Use Asset, Net of Accumulated Amortization of $9,269	**20,083**	-
Other Assets - Deposits	**21,030**	16,425
Total Assets	**$ 5,776,795**	$ 4,864,534

See accompanying Notes to Financial Statements.

STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2021)

	2022 Total	2021 Total
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Liabilities	**$ 228,640**	$ 172,794
Accrued Salaries and Related Benefits	**264,590**	277,863
Refundable Advance	**858,393**	60,957
Operating Lease Liability, Current Portion	**272,947**	-
Finance Lease Liability, Current Portion	**9,413**	-
Capital Lease Obligations, Current Portion	**-**	9,222
Deferred Rent Abatement, Current Portion	**-**	823
Total Current Liabilities	**1,633,983**	521,659
Long-Term Liabilities		
Operating Lease Liability, Net of Current Portion	**1,041,518**	-
Finance Lease Liability, Net of Current Portion	**11,211**	-
Capital Lease Obligations, Net of Current Portion	**-**	20,591
Deferred Rent Abatement, Net of Current Portion	**-**	83,307
Deferred Compensation Obligation	**75,610**	70,447
Total Long-Term Liabilities	**1,128,339**	174,345
Total Liabilities	**2,762,322**	696,004
Net Assets		
Net Assets Without Donor Restrictions	**784,900**	1,438,903
Net Assets With Donor Restrictions	**2,229,573**	2,729,627
Total Net Assets	**3,014,473**	4,168,530
Total Liabilities and Net Assets	**$ 5,776,795**	$ 4,864,534

See accompanying Notes to Financial Statements.

CENTER FOR ADOPTION SUPPORT AND EDUCATION, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

	2022			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	2021 Total
Revenue and Support				
Contributions	**$ 986,647**	**$ 11,231**	**$ 997,878**	$ 1,071,118
Grants	**3,645,142**	**-**	**3,645,142**	3,309,953
Paycheck Protection Program Loan Forgiveness	**-**	**-**	**-**	659,817
Counseling	**395,450**	**-**	**395,450**	810,185
Trainings and Publications	**280,320**	**-**	**280,320**	166,292
Dividend and Interest Income	**8,792**	**18,878**	**27,670**	14,262
Training Adoption Competency	**425,850**	**-**	**425,850**	414,815
Special Events, Net of Direct Expenses of $45,580 for 2022 and $202,638 for 2021	**85,947**	**-**	**85,947**	422,491
Other Revenue	**54,540**	**-**	**54,540**	37,119
Net Assets Released - Satisfaction of Restrictions	**305,651**	**(305,651)**	**-**	-
Total Revenue and Support	**6,188,339**	**(275,542)**	**5,912,797**	6,906,052
Expenses				
Program Services				
Counseling	**2,988,352**	**-**	**2,988,352**	2,685,864
Education Resources and Trainings	**479,781**	**-**	**479,781**	208,657
Publications	**58,514**	**-**	**58,514**	53,597
Training Adoption Competency	**279,968**	**-**	**279,968**	342,523
Youth Development	**28,852**	**-**	**28,852**	14,364
National Initiatives	**1,361,357**	**-**	**1,361,357**	1,291,691
Total Program Services	**5,196,824**	**-**	**5,196,824**	4,596,696
Supporting Services				
General and Administrative	**1,338,052**	**-**	**1,338,052**	1,273,590
Fundraising	**311,598**	**-**	**311,598**	327,744
Total Supporting Services	**1,649,650**	**-**	**1,649,650**	1,601,334
Total Expenses	**6,846,474**	**-**	**6,846,474**	6,198,030
Change in Net Assets from Operations	**(658,135)**	**(275,542)**	**(933,677)**	708,022
Realized/Unrealized Gain (Loss) on Investments	**4,132**	**(224,512)**	**(220,380)**	68,126
Change in Net Assets	**(654,003)**	**(500,054)**	**(1,154,057)**	776,148
Net Assets, Beginning of Year	**1,438,903**	**2,729,627**	**4,168,530**	3,392,382
Net Assets, End of Year	**$ 784,900**	**$ 2,229,573**	**$ 3,014,473**	$ 4,168,530

See accompanying Notes to Financial Statements.

CENTER FOR ADOPTION SUPPORT AND EDUCATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services						Total Program Services	Supporting Services		Total Supporting Services	Total 2022
	Counseling	Education Resources and Trainings	Publications	Training Adoption Competency	Youth Development	National Initiatives		General and Administrative	Fundraising		
Salaries	$ 1,796,439	$ 197,085	$ 3,586	$ 91,355	$ 7,393	$ 763,661	$ 2,859,519	$ 732,185	$ 209,060	$ 941,245	$ 3,800,764
Benefits	258,717	29,813	538	-	1,109	129,675	419,852	209,773	31,359	241,132	660,984
Communications	27,984	960	-	480	-	5,033	34,457	32,546	960	33,506	67,963
Occupancy	184,908	973	8,574	-	-	38,136	232,591	90,771	17,523	108,294	340,885
Depreciation/Amortization	-	-	-	-	-	-	-	70,237	-	70,237	70,237
Equipment Repairs and Maintenance	35,206	-	-	-	-	7,192	42,398	115,922	-	115,922	158,320
Travel	12,956	6,400	-	3,607	186	45,826	68,975	28,505	1,065	29,570	98,545
Insurance	1,545	-	-	-	-	-	1,545	17,641	-	17,641	19,186
Interest	-	-	-	-	-	-	-	16,741	-	16,741	16,741
Consultants and Professional Services	170,028	10,015	-	20,581	9,154	28,045	237,823	285,553	21,167	306,720	544,543
Training	5,938	-	-	-	-	547	6,485	11,454	-	11,454	17,939
Postage and Printing	2,397	802	1,002	344	696	1,315	6,556	2,616	7,034	9,650	16,206
Evaluation	11,090	-	-	60,000	-	1,375	72,465	1,375	-	1,375	73,840
Cost of Goods Sold	-	52	42,581	-	-	-	42,633	-	-	-	42,633
Office Expenses	14,376	-	-	-	-	77	14,453	12,814	-	12,814	27,267
Supplies and Materials	19,496	4,562	106	7,534	10,299	10,712	52,709	8,857	415	9,272	61,981
Partner Payments	245,987	199,000	-	59,661	-	36,000	540,648	-	-	-	540,648
Advertising and Marketing	4,564	-	-	-	-	6,692	11,256	93,201	4,875	98,076	109,332
Dues and Subscriptions	988	-	-	-	-	11,337	12,325	40,450	1,841	42,291	54,616
Miscellaneous	9,780	9,168	2,127	2,083	15	47,036	70,209	37,336	16,299	53,635	123,844
Overhead Allocation	185,953	20,951	-	34,323	-	228,698	469,925	(469,925)	-	(469,925)	-
Total Expenses	$ 2,988,352	$ 479,781	$ 58,514	$ 279,968	$ 28,852	$ 1,361,357	$ 5,196,824	$ 1,338,052	$ 311,598	$ 1,649,650	$ 6,846,474

See accompanying Notes to Financial Statements.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services							Supporting Services			
	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/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	268,058	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)	-
Total Expenses	$ 2,685,864	$ 208,657	$ 53,597	$ 342,523	$ 14,364	$ 1,291,691	$ 4,596,696	$ 1,273,590	$ 327,744	$ 1,601,334	$ 6,198,030

See accompanying Notes to Financial Statements.

CENTER FOR ADOPTION SUPPORT AND EDUCATION, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

	2022	2021
Cash Flows from Operating Activities		
Change in Net Assets	**$ (1,154,057)**	$ 776,148
Adjustments to Reconcile Change in Net Assets to Net Cash		
(Used in) Provided by Operating Activities		
Depreciation and Amortization	**70,237**	63,638
Bad Debt Expense	**19,370**	18,721
Realized and Unrealized Loss (Gain) on Investments	**220,380**	(68,125)
Donated Investments	**(321,192)**	(9,125)
Operating Lease Expense	**276,522**	-
Change in Deferred Rent Abatement	**-**	6,221
Changes in		
Accounts Receivable	**51,794**	(85,088)
Pledges Receivable	**168,839**	(330,085)
Inventory	**6,857**	(1,814)
Prepaid Expenses	**(29,908)**	(11,644)
Deposits	**(4,605)**	2,500
Deferred Compensation Asset	**(5,163)**	(23,293)
Accounts Payable and Accrued Liabilities	**53,176**	(120,999)
Accrued Salaries and Related Benefits	**(13,273)**	25,365
Refundable Advance	**797,436**	9,436
Operating Lease Liability	**(278,425)**	-
Deferred Compensation Obligation	**5,163**	23,293
Net Cash (Used in) Provided by Operating Activities	**(136,849)**	275,149
Cash Flows from Investing Activities		
Purchases of Property and Equipment	**(138,400)**	(43,409)
Purchases of Investments	**(24,955)**	(52,874)
Proceeds from Sales of Investments	**306,976**	153,769
Net Cash Provided by Investing Activities	**143,621**	57,486
Cash Flows from Financing Activities		
Payment on Line of Credit	**(881,997)**	(100,000)
Proceeds from Line of Credit	**884,667**	100,000
Principal Payments on Finance Lease Liability	**(9,236)**	-
Payments on Capital Lease Obligations	**-**	(10,697)
Net Cash Used in Financing Activities	**(6,566)**	(10,697)
Net Increase in Cash and Cash Equivalents, and Restricted Cash and Cash Equivalents	**206**	321,938
Cash and Cash Equivalents, and Restricted Cash and Cash Equivalents, Beginning of Year	**1,073,374**	751,436
Cash and Cash Equivalents, and Restricted Cash and Cash Equivalents, End of Year	**$ 1,073,580**	$ 1,073,374
Supplementary Disclosure of Cash Flow Information		
Interest Paid	**$ 16,741**	$ 1,395
Noncash Transactions from Investing and Financing Activities		
Establishment of Operating Right-of-Use Asset	**$ 1,489,360**	$ -
Establishment of Finance Right-of-Use Asset	**29,352**	-
Establishment of Operating Lease Liability	**1,573,490**	-
Establishment of Finance Lease Liability	**29,860**	-

See accompanying Notes to Financial Statements.

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 1,672 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. has contracted with the Maryland Department of Human Resources to help children aged 18 and younger who have been adopted from foster care to grow in permanent, stable, loving families. This state-wide program delivers specialized post-adoption mental health and educational services and supports. In 2022, 123 families have been served.

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 and clinical services to help adoptive families in Virginia access appropriate services and resources through community-based linkage and referral, education, and advocacy. In 2022, 218 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. In 2022, 8,412 registrants signed up for 22 customized trainings and workshops serving parents and professionals, covering a wide array of topics, including 10 monthly Strengthening Your Family (SYF) webinar series. C.A.S.E. also offered three topical, six-week parent support group series with 372 attended across all sessions. C.A.S.E. delivered more than 901 in-demand educational webinars to support families and professionals with 404 of the in-demand webinars being purchased. Additionally, C.A.S.E. provided 16 trainings and six parent support groups for nine external organizations to support their staff and/or constituent needs.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

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, accredited, 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 167 cohorts, training over 2,483 professionals. In 2022, 20 cohorts of TAC were provided by C.A.S.E. and our 19 partner agencies throughout the United States for a total of 252 students enrolled. 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 2022 with an additional $1 million to continue the implementation nationally. The cooperative agreement was refunded in October 2022 for five years, $10 million, to continue nationwide infusion and implementation within child welfare systems and increase utilization by mental health providers along with updating the curriculum and continuing the evaluation. 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 2022, an additional 2,037 professionals enrolled in NTI for a total of 20,373 individuals enrolling in NTI since 2017.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

C.A.S.E. partnered 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. C.A.S.E. was the lead in the curriculum development. This initiative was funded through a cooperative agreement with the Children's Bureau, Administration on Children and Families, Department of Health and Human Services. The initiative ended September 2022.

- NTDC National Training and Development Curriculum - partners include Bruce Perry/Child Trauma 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, 2021. 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, 2021, from which the summarized information was derived.

Use of 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 Taxes

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 statement of activities. During the years ended December 31, 2022 and 2021, 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 2019 are no longer subject to examination by the IRS or the tax jurisdiction of the State of Maryland.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022, was approximately $534,000.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represent 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 statement 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:

	2022	2021
Cash and Cash Equivalents	**$ 1,072,476**	$ 1,073,374
Restricted Cash and Cash Equivalents	**1,104**	-
Total Cash and Cash Equivalents and Restricted Cash and Cash Equivalents Shown in the Statement of Cash Flows	**$ 1,073,580**	$ 1,073,374

Right-of-Use Assets and Lease Liabilities

The determination of whether an arrangement is a lease is made at the lease's inception. Under the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Lease liabilities are initially measured at the present value of minimum lease payments using a risk-free rate that approximates the remaining term of the lease. The right-of-use asset is the lease liability adjusted for other lease-related accounts. Management considers the likelihood of exercising renewal or termination clauses (if any) in measuring C.A.S.E.'s right-of-use assets and lease liabilities. Operating lease expense and finance lease amortization expense is allocated over the remaining lease term on a straight-line basis. Finance lease interest expense is calculated using a risk-free rate that approximates the remaining term of the lease multiplied by the outstanding finance lease liability.

C.A.S.E. considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding right-of-use asset or lease liability. In addition, C.A.S.E. does not separate non-lease components from lease components (if any) when determining the payments for leases of office equipment.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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 statement of financial position. Investments subject to donor restrictions are classified as long-term investments on the statement of financial position.

C.A.S.E. received donated investments with a fair value of $321,192 and $12,773 for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, 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 $19,370 and $18,721 at December 31, 2022 and 2021, 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 pledges 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, 2022 and 2021, management deemed all pledges receivable 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.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 statement of activities as net assets released from restrictions.

In celebration of their 20^{th} Anniversary in April 2018, C.A.S.E. launched a Growing Together Campaign to generate $1 million in planned gifts, $2 million for an endowment, and $2 million in growth capital for new program development, expansion, and innovation. Due to the pandemic, C.A.S.E. extended the campaign to December 2021 and raised approximately $5.2 million in total. The Board of Directors approved investment of growth capital for key priorities in the strategic plan of $664,262 and $157,620 for the years ended December 31, 2022 and 2021, respectively.

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. C.A.S.E. 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.

Grant 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.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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 these reciprocal contracts at December 31, 2022, is $214,850.

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, 2022 and 2021, includes $-0- and $200,874, 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.

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 statement of financial position. C.A.S.E. has executed conditional grant agreements totaling approximately $2.8 million that have not been recognized as of December 31, 2022.

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 statement 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 statement of activities. 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.

Reclassifications

Certain 2021 amounts have been reclassified for comparative purposes.

2. ADOPTION OF ACCOUNTING STANDARDS UPDATES

Accounting Standard Update 2016-02

During the year ended December 31, 2022, C.A.S.E. adopted the Financial Accounting Standards Board's (FASB) Accounting Standard Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes the leasing guidance in *Topic 840*. C.A.S.E. also adopted the following ASUs, which amend and clarify *Leases (Topic 842)*: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, Leases (Topic 842): *Codification Improvements*; ASU 2021-05, *Leases (Topic 842): Lessors - Certain Leases with Variable Lease Payments*; and ASU 2021-09*, Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. The most significant change in the new lease guidance is the requirement to recognize right-of-use assets and lease liabilities for operating leases on the statement of financial position.

C.A.S.E. adopted the leasing standards effective January 1, 2022, using the modified retrospective approach with January 1, 2022, as the initial date of application. Management has elected to apply all practical expedients available under the new guidance, which allows C.A.S.E. to: (1) not reassess whether any expired or existing contracts previously assessed as not containing leases are, or contain, leases; (2) not reassess the lease classification for any expired or existing leases; and (3) not reassess initial direct costs for any existing leases. C.A.S.E. also elected to apply the practical expedient to use hindsight in determining the lease term.

The most significant impact was the recognition of right-of-use assets and lease liabilities for all leases with terms greater than twelve months. Accordingly, an operating right-of-use asset and lease liability totaling $1,489,360 and $1,573,490, respectively, was recognized as of January 1, 2022. Existing deferred rent and lease incentive of approximately $84,000 as of January 1, 2022, is included as a reduction to the initial measurement of the right-of-use asset for the operating lease. In addition, a finance right-of-use asset and lease liability totaling $29,352 and $29,860, respectively, was recognized as of January 1, 2022.

Accounting Standard Update 2020-07

During the year ended December 31, 2022, C.A.S.E. adopted the Financial Accounting Standards Board's (FASB) Accounting Standard Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This guidance is intended to increase transparency of contributed nonfinancial assets for nonprofits through enhancements to presentation and disclosure. Specifically, the ASU addresses the lack of transparency surrounding the measurement of contributed nonfinancial assets, as well as the amount of those contributions used in programs and other activities. Management believes that the adoption of this ASU enhances the transparency of financial information among nonprofit entities. The change in accounting principle was applied on a retrospective basis. The impact of adoption was not material to the financial statements, however, the presentation and disclosure of contributed nonfinancial assets has been enhanced.

3. LIQUIDITY AND AVAILABLE 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, 2022 and 2021, the following table reflects the total financial assets held by C.A.S.E. and the amounts of those financial assets that could readily be made available within one year of the statement of financial position date to meet general expenditures:

	2022	2021
Financial Assets		
Cash and Cash Equivalents	**$ 1,073,580**	$ 1,073,374
Accounts Receivable, Net	**610,295**	681,459
Pledges Receivable, Net	**246,320**	415,159
Investments, Short-Term	**317,828**	294,947
Investments, Long-Term	**1,854,522**	2,058,612
	4,102,545	4,523,551
Less Those Unavailable for General Expenditure within One Year Due to		
Restricted Cash and Cash Equivalents for Endowment	**(1,104)**	-
Investments Subject to Donor Restrictions	**(1,854,522)**	(2,058,612)
Pledges Restricted for Endowment	**(21,709)**	(22,813)
Long-Term Pledges Receivable Due in Excess of One Year	**(4,610)**	(31,756)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	**$ 2,220,600**	$ 2,410,370

As noted in Note 6, C.A.S.E. has an additional $747,000 available to draw upon from their line of credit to meet general expenditures.

4. INVESTMENTS

Investments consist of the following at December 31:

	2022	2021
Money Funds	**$ 18,832**	$ 227,277
Certificates of Deposit	**582,191**	894,711
Equities - Mutual Funds and Exchange-Traded Funds	**1,496,109**	1,153,961
Equities - Stocks	**75,218**	77,610
	2,172,350	2,353,559
Less Short-Term Investments	**(317,828)**	(294,947)
Long-Term Investments	**$ 1,854,522**	$ 2,058,612

4. INVESTMENTS (CONTINUED)

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

	2022	2021
Dividend Income	**$ 33,330**	$ 16,205
Interest Income	**6,950**	5,474
Realized and Unrealized (Loss) Gain on Investments, Net	**(220,380)**	68,126
Investment Fees	**(12,610)**	(7,417)
	$ (192,710)	$ 82,388

5. PLEDGES RECEIVABLE

Pledges receivable consist of the following at December 31:

	2022	2021
Pledges Receivable Less Than One Year	**$ 241,710**	$ 381,781
Pledges Receivable in One to Five Years	**5,000**	35,000
Total Pledges Receivable	**246,710**	416,781
Less Discount to Present Value	**(390)**	(1,622)
Pledges Receivable, Net	**246,320**	415,159
Less Current Portion	**(241,710)**	(383,403)
Pledges Receivable, Net of Current Portion	**$ 4,610**	$ 31,756

For the years ended December 31, 2022 and 2021, pledges receivable due in excess of one year were discounted based on a discount rate of 4.25% - 8.25%.

6. 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 was an outstanding balance of $2,670 and $-0- at December 31, 2022 and 2021, respectively. The balance represents accrued interest and is included in accounts payable and accrued liabilities on the statement of financial position.

7. CONCENTRATIONS

As of December 31, 2022, two grants and contracts comprised approximately 43% of grants and contributions receivable. For the year ended December 31, 2022, three grants and contracts accounted for approximately 55% of grants and contributions revenue. For the year ended December 31, 2021, two grants and contracts comprised approximately 33% of grants and contributions receivable, and two grants and contracts accounted for approximately 41% of grants and contributions revenue.

8. DONATED SERVICES

During the year ended December 31, 2022, C.A.S.E. received donated services of $79,818, of which $70,585 is included in professional services and occupancy expenses in the statement of functional expenses, and $9,233 is netted with special events revenue on the statement of activities, and are allocated as follows:

	Program Services	Support Services		
	Counseling	General and Administrative	Fundraising	2022 Total
Occupancy	$ 9,300	$ -	$ -	$ 9,300
Consultants and Professional Services	-	61,285	-	61,285
Special Events	-	-	9,233	9,233
Total Expenses	$ 9,300	$ 61,285	$ 9,233	$ 79,818

C.A.S.E. was provided legal, HR and IT consulting, golf tournament supplies, and rental space at no cost. Based on current market rates for these services and supplies, C.A.S.E. would have paid $79,818 for the year ended December 31, 2022.

All donated services received by C.A.S.E. for the year ended December 31, 2022, were considered without donor restrictions and available to be used by C.A.S.E. as determined by the Board of Directors and management.

9. NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Corpus and Expendable Portion of Endowment Fund	**$ 1,873,897**	$ 2,079,531
Subject to Passage of Time	**124,608**	317,345
Scholarship and Staff Development Fund	**231,068**	329,863
Wise Up Gala Video	**-**	2,888
Total	**$ 2,229,573**	$ 2,729,627

For the year ended December 31, 2022, net assets released from donor restrictions were as follows:

Wise Up Gala Video	$ 2,888
Scholarship Fund	108,795
Time-Restricted	193,968
	$ 305,651

10. LEASES

C.A.S.E. has both operating and finance leases for office space and office equipment. 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, D.C.

10. LEASES (CONTINUED)

Operating Lease under Topic 842

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 lease payment, C.A.S.E. is responsible for a proportionate share of operating expenses and taxes. C.A.S.E.'s share of these costs was approximately $6,000 during 2022 and is included in occupancy expense on the statement of functional expenses for the year ended December 31, 2022. The lease included an abatement of 50% for the first eight months of the lease.

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 lease payment includes all operating expenses and taxes.

The Annandale, Virginia, office space is leased under an agreement signed in April 2022 and commenced in June 2022. The lease term is 52 months. Base lease payment under the lease will increase by 2.5% each year. In addition to the base lease payment, C.A.S.E. is responsible for its proportionate share of operating expenses and taxes. C.A.S.E.'s share of these costs was approximately $6,000 during 2022 and is included in occupancy expense on the statement of functional expenses for the year ended December 31, 2022. The lease includes an 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.

Under accounting principles generally accepted in the United States of America (GAAP), operating lease expense is recognized on a straight-line basis over the remaining lease term. Operating lease expense for these leases totaled approximately $276,000 and is included in occupancy expense on the statement of functional expenses for the year ended December 31, 2022.

Maturity of the operating lease liability as of December 31, 2022, is as follows:

For the Years Ending December 31,	
2023	$ 289,353
2024	303,892
2025	258,547
2026	256,978
2027	230,973
Thereafter	19,642
Total Undiscounted Minimum Lease Payments	1,359,385
Less Discount to Present Value	(44,920)
Total Operating Lease Liability	$ 1,314,465

The supplementary qualitative operating lease information is as follows:

Supplementary Qualitative Operating Lease Information	Amount
Weighted-Average Remaining Lease Term (Years)	4.70
Weighted-Average Discount Rate	1.40%

10. LEASES (CONTINUED)

Operating Lease under Topic 842 (Continued)

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.

In accordance with FASB ASU 2016-02, *Leases,* C.A.S.E. considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly short-term lease costs associated with month-to-month office rent are expensed as payments when incurred. The short-term leases are as follows:

The Frederick, Maryland, office space lease was subleased under a one year agreement that commenced 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 a 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 Washington, D.C., office space was leased under a one year agreement that commenced April 1, 2022, and will 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.

Operating lease expense for the short-term leases was approximately $64,000 and is included in occupancy expense on the statement of functional expenses for the year ended December 31, 2022.

Finance Lease under Topic 842

C.A.S.E. is obligated under a non-cancelable finance lease for a copier which expires February 2025. Amortization on the finance right-of-use asset totaled $9,269 and is included in depreciation and amortization expense on the statement of functional expenses for the year ended December 31, 2022. The accumulated amortization on the finance right-of-use asset was $9,269 as of December 31, 2022. Interest expense on the finance lease liability totaled $472 for the year ended December 31, 2022.

Maturity of the finance lease liability as of December 31, 2022, is as follows:

For the Years Ending December 31,	
2023	$ 9,708
2024	9,708
2025	1,618
Total Undiscounted Minimum Lease Payments	21,034
Less Discount to Present Value	(410)
Total Finance Lease Liability	$ 20,624

10. LEASES (CONTINUED)

Finance Lease under Topic 842 (Continued)

The supplementary qualitative finance lease information is as follows:

Supplementary Qualitative Finance Lease Information	Amount
Interest Paid for Amounts Included in the Measurement of Finance Lease Liabilities - Operating Cash Flows	$ 472
Weighted-Average Remaining Lease Term (Years)	2.17
Weighted-Average Discount Rate	1.90%

11. 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, 2022 and 2021, totaled $31,920 and $35,275, 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, 2022 or 2021.

12. 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.

13. 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 is subject to

13. ENDOWMENTS (CONTINUED)

Donor-Restricted Net Assets - Interpretation of Relevant Law (Continued)

appropriation for expenditure by C.A.S.E. in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, C.A.S.E. considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The preservation of C.A.S.E. and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of C.A.S.E.
7. The investment policies of C.A.S.E.

Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA requires C.A.S.E. to retain as a fund of perpetual duration (underwater endowments). C.A.S.E. has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. C.A.S.E. did not have underwater endowments in 2022 or 2021.

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

13. ENDOWMENTS (CONTINUED)

Donor-Restricted Endowments' Return Objective and Risk Parameters (Continued)

- Recognizes that investment results over the long-term may lag those of other more aggressively invested portfolios 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 returns 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 which approximates the corpus of the endowment of $2,004,792. At December 31, 2022, the investment balance of the endowment is $1,873,897.

Changes in the donor-restricted endowment fund for the years ended December 31, 2022 and 2021, are as follows:

	With Donor Restrictions
Donor-Restricted Endowment Net Assets, January 1, 2021	$ 2,111,237
Interest, Dividends, Net of Fees	12,036
Realized and Unrealized Gain on Investments, Net	56,258
Appropriation for Expenditure	(100,000)
Donor-Restricted Endowment Net Assets, December 31, 2021	2,079,531
Interest, Dividends, Net of Fees	18,878
Realized and Unrealized Loss on Investments, Net	(224,512)
Donor-Restricted Endowment Net Assets, December 31, 2022	$ 1,873,897

14. 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, 2022 and 2021, are as follows:

	Fair Value Measurements at Reporting Date Using			
December 31, 2022	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets				
Money Funds	$ 18,832	$ 18,832	$ -	$ -
Certificates of Deposit	582,191	-	582,191	-
Equities - Mutual Funds and Exchange - Traded Funds	1,496,109	1,496,109	-	-
Equities - Stocks	75,218	75,218	-	-
Deferred Compensation Asset	75,610	75,610	-	-
Total Assets	$ 2,247,960	$ 1,665,769	$ 582,191	$ -
Liabilities				
Deferred Compensation Obligation	$ (75,610)	$ (75,610)	$ -	$ -
December 31, 2021				
Assets				
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	$ 2,424,006	$ 1,529,295	$ 894,711	$ -
Liabilities				
Deferred Compensation Obligation	$ (70,447)	$ (70,447)	$ -	$ -

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

15. RISK AND UNCERTAINTIES

COVID-19

The spread of COVID-19 has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofits around the world. There is uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, management continues to assess how best to adapt to changed circumstances.

16. PAYCHECK PROTECTION PROGRAM LOANS

On March 24, 2021, C.A.S.E. obtained a promissory note of $659,817 from its bank under the Small Business Administration (SBA)'s second 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 balance, unless otherwise forgiven in whole or part by the 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.

17. SUBSEQUENT EVENTS

During June 2023, C.A.S.E. signed an early termination agreement for the Sterling, Virginia, office space to terminate the lease on June 30, 2023. C.A.S.E. owes an early termination penalty of $15,000 to the landlord by June 30, 2023. The early termination results in a reduction of the right-of-use asset and lease liability in 2023 of approximately $100,000 and $87,000, respectively, and a loss on the early termination of approximately $13,000.

Subsequent events were evaluated through July 7, 2023, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Center for Adoption Support and Education, Inc.

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Award Number	Total Federal Expenditures	Provided to Subrecipients
U.S. Department of Health and Human Services				
Adoption Opportunities	93.652	90CO1121-05-07	$ 333,902	$ -
Adoption Opportunities	93.652	90CO1121-05-08	354,849	-
Adoption Opportunities	93.652	90CO1144-01-00	306,562	35,150
Pass-Through from Spaulding for Children				
Adoption Opportunities	93.652	90CO1134-01-00	225,158	-
Pass-Through from Virginia Department of Social Services				
Adoption Assistance	93.659	FAM-20-082-01	33,504	-
Adoption Assistance	93.659	FAM-20-082-01	32,019	-
Total Federal Expenditures			$ 1,285,994	$ 35,150

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

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, 2022. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

C.A.S.E. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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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*

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 7, 2023.

Report on 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

Board of Directors
Center for Adoption Support and Education, Inc.

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 C.A.S.E.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering C.A.S.E.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Councilor, Buchanan & Mitchell, P.C.

Bethesda, Maryland
July 7, 2023

Certified Public Accountants

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BETHESDA, MD 20814
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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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 each of C.A.S.E.'s major federal programs for the year ended December 31, 2022. C.A.S.E.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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 each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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

Auditor's Responsibilities for the Audit of Compliance (Continued)

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 generally accepted auditing standards, *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 generally accepted auditing standards, *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

Board of Directors
Center for Adoption Support and Education, Inc.

Report on Internal Control over Compliance (Continued)

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 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.

Councilor, Buchanan & Mitchell, P.C.

Bethesda, Maryland
July 7, 2023

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Section I - Summary of Auditor's Results

Financial Statements	
Type of auditor's report issued on whether the audited financial statements were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency reported not considered to be material weakness?	None reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major programs:	
Material weakness identified?	No
Significant deficiency reported not considered to be material weakness?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program Title
93.652	Adoption Opportunities

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Audit Findings

None were reported.

Section III - Federal Award Findings and Questioned Costs

None were reported.