

**ADOPTION-SHARE, INC.**

**FINANCIAL STATEMENTS**

**For the Year Ended  
December 31, 2019**

***(With Independent Auditors' Report Thereon)***

**ADOPTION-SHARE, INC.**

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**DECEMBER 31, 2019**

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# Hudson & NeSmith, CPAs & Advisors

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Member  
*American Institute of Certified Public Accountants*  
*Georgia Society of Certified Public Accountants*  
*Private Companies Practice Section*

Ronald D. Hudson, CPA, CFP®, PFS ®

John A. NeSmith, Jr., CPA

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Adoption-Share, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Adoption-Share, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and 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.

### Auditors' 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. 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.

### Certified Public Accountants and Advisors

111 N. Main Street Post Office Box 589 Sylvester, Georgia 31791 P-(229)776-3311 F-(229)776-9455

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adoption-Share, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Hudson & NeSmith, CPAs and Advisors*

Hudson & NeSmith, CPAs and Advisors  
Sylvester, Georgia  
April 28, 2020

**ADOPTION-SHARE, INC.**  
**Statement of Financial Position**  
**December 31, 2019**

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<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 331,382
Grants Receivable	18,425
<b>Total Current Assets</b>	<u>349,807</u>
<b>Property and Equipment</b>	
Computer Equipment	3,552
	<u>3,552</u>
Less: Accumulated Depreciation	(1,623)
<b>Property and Equipment, Net</b>	<u>1,929</u>
<b>Total Assets</b>	<u><u>\$ 351,736</u></u>

*The accompanying notes to the financial statements are an integral part of this statement.*

**ADOPTION-SHARE, INC.**  
**Statement of Financial Position**  
**December 31, 2019**

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<b>LIABILITIES AND NET ASSETS</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 20,918
Accrued Payroll Taxes	8,218
<b>Total Liabilities</b>	<u>29,136</u>
<b>Net Assets</b>	
Net Assets Without Donor Restrictions	
Undesignated	322,600
Net Assets With Donor Restrictions:	
Restricted by purpose or time	-
<b>Total Net Assets</b>	<u>322,600</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 351,736</u>

*The accompanying notes to the financial statements are an integral part of this statement.*

**ADOPTION-SHARE, INC.**  
**Statement of Activities**  
**For the Year December 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 601,670	\$ -	\$ 601,670
Donated Services	466,386	-	466,386
Program Income	3,250	-	3,250
State Contracts and Grants	100,000	-	100,000
Interest	203	-	203
Net Assets Released from Restrictions:			
Satisfied Program Restriction	-	-	-
<b>Total Support and Revenue</b>	<u>\$ 1,171,509</u>	<u>\$ -</u>	<u>\$ 1,171,509</u>
<b>EXPENSES</b>			
Program Services	\$ 1,038,335	\$ -	\$ 1,038,335
Management & General	38,185	-	38,185
Fundraising	23,626	-	23,626
<b>Total Expenses</b>	<u>\$ 1,100,146</u>	<u>\$ -</u>	<u>\$ 1,100,146</u>
<b>Change in Net Assets</b>	<u>\$ 71,363</u>	<u>\$ -</u>	<u>\$ 71,363</u>
<b>NET ASSETS, beginning of year</b>	\$ 251,237	\$ -	\$ 251,237
<b>NET ASSETS, end of year</b>	<u><u>\$ 322,600</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 322,600</u></u>

*The accompanying notes to the financial statements are an integral part of this statement.*

**ADOPTION-SHARE, INC.**  
**Statement of Cash Flows**  
**For the Year December 31, 2019**

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<b>Cash Flows from Operating Activities:</b>	
Change in Net Assets	\$ 71,363
Adjustments to reconcile increases in net assets to net cash provided by operating activities:	
Depreciation	643
Changes in operating assets and liabilities:	
Decrease (increase) in Grants Receivable	9,746
Increase (decrease) in Accounts Payable	20,918
Increase (decrease) in Accrued Payroll Taxes	<u>8,218</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	110,888
<b>Cash Flows from Investing Activities:</b>	
Purchase of equipment	<u>(577)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(577)</u>
<b>Cash Flows Provided (Used) by Financing Activities</b>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>110,311</u>
<b>CASH AND CASH EQUIVALENTS, beginning of the year</b>	221,071
<b>CASH AND CASH EQUIVALENTS, end of the year</b>	<u><u>\$ 331,382</u></u>

*The accompanying notes to the financial statements are an integral part of this statement.*

**ADOPTION-SHARE, INC.**  
**Statement of Functional Expenses**  
**For the Year December 31, 2019**

	<b>Program Services</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Advertising/Promotional	\$ 9,358	\$ -	\$ -	\$ 9,358
Bank Charges	28	101	953	1,082
Cloud Based Services	10,599	-	-	10,599
Depreciation	-	643	-	643
Donated Services	466,386	-	-	466,386
Dues & Subscriptions	7,891	3,072	-	10,963
Insurance	2,300	743	-	3,043
Legal & Professional Fees	5,067	11,579	1,866	18,512
Meals & Entertainment	2,486	2,219	122	4,827
Office Expenses	502	187	49	738
Other Expense	682	296	497	1,475
Payroll Expenses	212,667	17,416	17,417	247,500
Post Placement Support Packages	2,712	-	-	2,712
Shipping & Delivery	412	-	32	444
Stationary & Printing	1,913	110	-	2,023
Subcontractors	265,619	-	-	265,619
Taxes & Licenses	18,512	1,785	1,528	21,825
Travel	28,364	34	1,137	29,535
Travel Meals	2,837	-	25	2,862
Totals	<u>\$ 1,038,335</u>	<u>\$ 38,185</u>	<u>\$ 23,626</u>	<u>\$ 1,100,146</u>

*The accompanying notes to the financial statements are an integral part of this statement.*

**ADOPTION-SHARE, INC.**  
**Notes to Financial Statements**  
**For the Year December 31, 2019**

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**NOTE 1 – ORGANIZATION AND PURPOSE**

Nature of Organization

Adoption-Share, Inc. (hereinafter the “Organization”) was established on August 27, 2013 for the purpose of bringing greater transparency and efficiency to the adoption process. Adoption-Share, Inc. was founded by a social worker in order to help a system in dire need of reform. The Organization believes that when the right tools are employed, comprehensive and systemic reform is achievable in the child welfare arena. The Organization’s team has tirelessly devoted its time, talents, and expertise to radically change the private and public adoption processes and create the tools needed to transform a broken system.

The Organization exists to leverage technology to bring efficiency, innovation, and reform to the private and public adoption process and to raise awareness about adoption in the United States. The Organization is revolutionizing the private and public adoption process by providing cutting-edge technology to assist children, families, and professionals. Its network for private infant adoption has widely expanded the reach of adoptive parents, enabling families with a valid home-study to search for and find matches, sometimes achieving adoption in as little as six months. The Organization has been proven to decrease the average wait for many adoptive parents by 18 months, while simultaneously empowering prospective adoptive parents with decision-making latitude for the first time in the history of private adoption.

The Organization is leading innovation and change within the adoption process by reducing the barriers to adoption, providing increased transparency and efficiency, and striving to increase the number of child placements into qualified, safe, and loving homes. The methods of accomplishing these goals are through three main programs:

***Family-Match*** – a data driven application designed to match children in foster care on markers of compatibility with the families who are eligible to foster or adopt them.

***Adoption is Beautiful*** – an advocacy and adoption awareness campaign.

***MyAdoption-Share.com*** – a platform announcing new adoption situations to waiting parents via their Adoption-Share membership log in.

The Organization is a Georgia nonprofit public benefit organization. The charitable exempt purpose of the Organization is to serve the general public by helping children both born and unborn find permanent families and to raise public awareness about adoption.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Fiscal Year

The Organization maintains its financial records on a calendar year ending each December 31.

Cash and Cash Equivalents

For the Statement of Cash Flows purposes, the Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are not held as restricted by donors for long-term purposes, to be cash and cash equivalents.

*See independent auditors’ report.*

**ADOPTION-SHARE, INC.**  
**Notes to Financial Statements**  
**For the Year December 31, 2019**

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Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the assets. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities.

Management closely monitors outstanding balances and writes off any balances deemed uncollectible. The Organization will not recognize a conditional promise to give until the conditions on which the promise depends are substantially met. A promise that calls for specific outcomes to be achieved or contains donor-imposed conditions that represent a barrier that must be overcome will be treated as a conditional promise to give.

Government Grants and Receivables

Government contracts and grants are recognized as revenue when the Organization meets the stipulations for revenue recognition. Depending on the requirement stated in the grant contract, revenue may be recognized when barriers have been overcome such as when the Organization incurs qualifying expenses, or when it achieves a specific level of service which would be considered a measurable performance-related barrier.

The Organization determines the allowance for doubtful accounts by identifying troubled accounts, considering the grantor's financial condition and current economic conditions, using historical experience applied to an aging of grants receivable. The Organization believes all grants receivable at December 31, 2019 will be fully collected. Accordingly, no allowance for doubtful accounts is required.

Property and Equipment

Purchased property and equipment are capitalized at cost. Donated property and equipment are recorded at the asset's estimated fair value at the date of donation. Donations are reported as donations without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as donations with donor restrictions. Donated property with restrictions that are met either by actions of the Organization and/or passage of time is reported as donations with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Major expenditures which substantially increase the useful life of an asset are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. Cost of property sold or otherwise disposed of and related accumulated depreciation is removed from the accounts, and any resulting gain or loss is currently recognized in the change in net assets without donor restrictions.

Property and equipment are depreciated using the straight-line method at rates based on the estimated useful lives of the capital assets. Total depreciation expense for the year was \$643.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** – Net assets for use in general obligations and not subject to donor (or certain grantor) restrictions. The only limits on the use of these net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application of tax-exempt status, and any limits resulting from contractual

*See independent auditors' report.*

**ADOPTION-SHARE, INC.**  
**Notes to Financial Statements**  
**For the Year December 31, 2019**

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agreements with creditors and others that are entered into during the course of its operations.

**Net Assets With Donor Restrictions** – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Revenue and Revenue Recognition**

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are recorded as a refundable advance liability and will be recognized as revenue in the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**Donated Goods and Services**

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets, or services that require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided through donation, are recorded at fair value in the period received.

The Organization received donations of services from two of its software vendors estimated at \$110,313 for its software application development. Also, it received donations of services from one of its donors estimated at \$299,114 for salaries, office costs, and marketing costs related to the expansion of its Family-Match program in the state of Florida. Additionally, the Organization received donations of attorney services from its legal advisors. The estimated amount of donated legal fees was \$56,959. Such amounts have been reported as donated services in the accompanying financial statements.

The Organization received donated services from a variety of unpaid volunteers and board members who made significant contributions of their time in conjunction with programs and events. No amounts have been recognized for these services in the accompanying statement of activities because they do not meet recognition criteria prescribed by generally accepted accounting principles.

**Advertising**

Advertising costs are expensed as incurred. For the year ending December 31, 2019, the amount charged to expense was \$9,358.

**Functional Allocation of Expenses**

The costs of providing the Organization's programs and supporting services are summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses are charged directly to program services, management and general, or fund-raising categories based on specific identification.

**Income Tax Status**

The Organization has obtained exemption from federal income taxes under Section 501(c) 3 of the Internal Revenue Code as an organization that is not a private foundation. Therefore, no provision for income taxes has been included in the financial statements. The Organization, however, is required to file a Form 990, Return for Organization Exempt

*See independent auditors' report.*

**ADOPTION-SHARE, INC.**  
**Notes to Financial Statements**  
**For the Year December 31, 2019**

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from Income Tax. Continued exemption from income taxes is dependent on the Organization's continued operation as a qualifying organization.

The Organization's income tax filings are subject to audit by various taxing authorities. The Organization has analyzed its tax positions taken for filings with the Internal Revenue Service. It believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations, or cash flows.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates, and those differences could be material.

New Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 applies to all entities (including business entities) that make or receive contributions of cash and other assets, including promises to give and grants. The purpose of ASU 2018-08 is to address long-standing diversity in practice and the difficulties in determining whether grants and similar contracts are exchange transactions or contributions. In addition, the ASU addresses the evaluation of whether a contribution is conditional or unconditional, which affects the timing of the revenue recognition. Also, ASU 2018-08 addresses the issue of when a contribution is restricted. The requirements of this statement are effective for the Organization for the year ending December 31, 2019.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of December 31, 2019, were comprised of cash in checking and money transfer service accounts. In summary, as of December 31, 2019, the Organization's cash and cash equivalents consist of the following:

Deposits with financial institutions	\$ 329,458
Money transfer service entities	<u>1,924</u>
Total cash and cash equivalents	<u>\$ 331,382</u>

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash deposits in excess of federally insured limits. Bank balances in excess of \$250,000 per financial institution are not insured by the Federal Deposit Insurance Corporation. At December 31, 2019, all cash deposits are fully insured.

**NOTE 4 – GRANTS RECEIVABLE**

Grants receivable consists of the following at December 31, 2019:

*See independent auditors' report.*

**ADOPTION-SHARE, INC.**  
**Notes to Financial Statements**  
**For the Year December 31, 2019**

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Commonwealth of Virginia - Department of Social Services	<u>\$ 18,425</u>
	<u><u>\$ 18,425</u></u>

**NOTE 5 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date comprise the following:

Deposits with financial institutions	\$ 329,458
Money transfer service entities	<u>1,924</u>
	<u><u>\$ 331,382</u></u>

**NOTE 6 – CONFLICT OF INTEREST POLICY**

Included among the Organization’s board of directors and officers are volunteers from the community who provide valuable assistance to the Organization in the development of policies and programs and in the evaluation of business transactions. The Organization has adopted a conflict of interest policy whereby board members are disqualified from participation in the final decisions regarding any action affecting their related company or organization.

**NOTE 7 – SUBSEQUENT EVENTS**

Management has performed an analysis of the activities and transactions subsequent to December 31, 2019 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2019. Management performed their analysis through April 28, 2020 the date the financial statements were available to be issued.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

*See independent auditors’ report.*