

ADOPTION-SHARE, INC.

FINANCIAL STATEMENTS

**For the Year Ended
December 31, 2020**

(With Independent Auditors' Report Thereon)

ADOPTION-SHARE, INC.

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DECEMBER 31, 2020

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Hudson & NeSmith, CPAs & Advisors

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

Ronald D. Hudson, CPA, CFP®, PFS®

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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, 2020, 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

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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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Hudson & NeSmith, CPAs and Advisors

Hudson & NeSmith, CPAs and Advisors
Sylvester, Georgia
March 19, 2021

ADOPTION-SHARE, INC.
Statement of Financial Position
December 31, 2020

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 414,202
Grants Receivable	-
Total Current Assets	<u>414,202</u>
Property and Equipment	
Computer Equipment	3,552
	<u>3,552</u>
Less: Accumulated Depreciation	(2,308)
Property and Equipment, Net	<u>1,244</u>
Total Assets	<u><u>\$ 415,446</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, 2020

LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	\$ 16,484
Accrued Payroll Taxes	3,746
Total Liabilities	<u>20,230</u>
Net Assets	
Net Assets Without Donor Restrictions	
Undesignated	295,036
Net Assets With Donor Restrictions:	
Restricted by purpose or time (See Note 6)	100,180
Total Net Assets	<u>395,216</u>
Total Liabilities and Net Assets	<u>\$ 415,446</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 535,405	\$ -	\$ 535,405
Conditional Contribution - PPP Loan Forgiveness (See Note 4)	51,904	-	51,904
Donated Services	209,539	-	209,539
Program Income	6,650	-	6,650
Foundation Grants	-	101,000	101,000
Interest	87	-	87
Net Assets Released from Restrictions:			
Satisfied Program Restriction	820	(820)	-
Total Support and Revenue	<u>\$ 804,405</u>	<u>\$ 100,180</u>	<u>\$ 904,585</u>
EXPENSES			
Program Services	\$ 778,490	\$ -	\$ 778,490
Management & General	31,991	-	31,991
Fundraising	21,488	-	21,488
Total Expenses	<u>\$ 831,969</u>	<u>\$ -</u>	<u>\$ 831,969</u>
Change in Net Assets	<u>\$ (27,564)</u>	<u>\$ 100,180</u>	<u>\$ 72,616</u>
NET ASSETS, beginning of year	\$ 322,600	\$ -	\$ 322,600
NET ASSETS, end of year	<u>\$ 295,036</u>	<u>\$ 100,180</u>	<u>\$ 395,216</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, 2020

Cash Flows from Operating Activities:	
Change in Net Assets	\$ 72,616
Adjustments to reconcile increases in net assets to net cash provided by operating activities:	
Depreciation	685
Changes in operating assets and liabilities:	
Decrease (increase) in Grants Receivable	18,425
Increase (decrease) in Accounts Payable	(4,434)
Increase (decrease) in Accrued Payroll Taxes	<u>(4,472)</u>
Net Cash Provided (Used) by Operating Activities	82,820
Net Cash Provided (Used) by Investing Activities	<u>-</u>
Cash Flows Provided (Used) by Financing Activities	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>82,820</u>
CASH AND CASH EQUIVALENTS, beginning of the year	331,382
CASH AND CASH EQUIVALENTS, end of the year	<u><u>\$ 414,202</u></u>
Supplemental Data - Noncash Activities	
Interest expense related to principal and interest forgiveness of Payroll Protection Program Loan	<u>\$ 342</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, 2020

	Program Services	Management & General	Fundraising	Total
Advertising/Promotional	\$ 8,288	\$ 870	\$ -	\$ 9,158
Bank Charges	181	60	359	600
Cloud Based Services	16,287	-	-	16,287
Depreciation	-	685	-	685
Donated Services	209,539	-	-	209,539
Dues & Subscriptions	7,647	3,643	-	11,290
Insurance	1,146	228	-	1,374
Interest on PPP Loan Forgiveness	-	342	-	342
Legal & Professional Fees	26,878	5,587	810	33,275
Meals & Entertainment	356	-	54	410
Office Expenses	-	226	-	226
Other Expense	25	798	249	1,072
Payroll Expenses	289,654	18,094	18,095	325,843
Post Placement Support Packages	4,072	-	-	4,072
Shipping & Delivery	458	13	101	572
Stationary & Printing	469	-	350	819
Subcontractors	182,048	-	-	182,048
Taxes & Licenses	21,981	1,394	1,384	24,759
Travel	9,039	51	86	9,176
Travel Meals	422	-	-	422
Totals	<u>\$ 778,490</u>	<u>\$ 31,991</u>	<u>\$ 21,488</u>	<u>\$ 831,969</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, 2020

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.

Family-Match is the Organization’s data driven tool designed to leverage data and predictive analytics to connect waiting kids more efficiently and appropriately with waiting families. Currently implemented in two states, over the past two years, Family-Match has helped over 500 children with significant special needs get matched with adoptive families and has celebrated over 210 finalized adoptions. Family-Match has recently expanded Family-Match to helping mobilize prospective foster and adoptive parents for waiting children from the moment of their initial inquiry and within its first 9 months improved the percentage of recruited families who completed licensure by 75%.

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

See independent auditors’ report.

ADOPTION-SHARE, INC.
Notes to Financial Statements
For the Year December 31, 2020

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.

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.

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 \$685.

See independent auditors' report.

ADOPTION-SHARE, INC.
Notes to Financial Statements
For the Year December 31, 2020

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 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 \$140,076 for its software application development. Also, it received donations of services estimated at \$3,364 from a donor for program support and coordination for its Family-Match program in the state of Florida. Additionally, it received donations of services estimated at \$15,000 from a donor for board leadership training and advisement and special project support throughout the year. Finally, the Organization received donations of attorney services from its legal advisors. The estimated amount of donated legal fees was \$51,099. 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, 2020, the amount charged to expense was \$9,158.

Functional Allocation of Expenses

The costs of providing the Organization's programs and supporting services are summarized on a functional basis in the

See independent auditors' report.

ADOPTION-SHARE, INC.
Notes to Financial Statements
For the Year December 31, 2020

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 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.

Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to December 31, 2020 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2020. Management performed their analysis through March 19, 2021 the date the financial statements were available to be issued.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2020, were comprised of cash in checking and money transfer service accounts. In summary, as of December 31, 2020, the Organization's cash and cash equivalents consist of the following:

Deposits with financial institutions	\$ 411,811
Money transfer service entities	<u>2,391</u>
Total cash and cash equivalents	<u>\$ 414,202</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 (FDIC). At December 31, 2020, the Organization had cash balances in excess of the FDIC insurance limits of \$65,128.

See independent auditors' report.

ADOPTION-SHARE, INC.
Notes to Financial Statements
For the Year December 31, 2020

NOTE 4 – PAYROLL PROTECTION PROGRAM LOAN

The Organization received a loan from Synovus Bank in the amount of \$51,562.50 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was subject to a note dated April 17, 2020 which was subsequently forgiven due to the loan proceeds being used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loan originally bore interest at a rate of 1% and was payable in monthly installments of principal and interest over 24 months beginning 6 months from the date of the note.

The Organization applied for loan forgiveness based on meeting the requirements of having eligible payroll expenditures described in the CARES Act. On December 24, 2020, the Organization received confirmation from the Small Business Administration (SBA) via Synovus Bank that the principal and related interest on the loan was approved for forgiveness due to meeting the requirements of loan forgiveness under the CARES Act. Total principal and interest forgiven on the loan amounted to \$51,904.37.

Because the Organization expected the original loan to be forgiven, the Organization applied FASB ASC 958-605 to the loan proceeds and subsequent loan forgiveness amount. The loan proceeds were originally recorded as a refundable advance due to the conditional nature of the forgiveness program. Once loan forgiveness was approved by the SBA, the total loan forgiveness was reclassified as a conditional contribution with the forgiveness conditions being met in the same year as the loan proceeds.

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	\$ 411,811
Money transfer service entities	<u>2,391</u>
	<u>414,202</u>
Less amounts associated with donor restrictions:	
Purpose and time restrictions	<u>100,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 314,202</u></u>

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

During 2020, the Organization received \$100,000 from a foundation that will be used for specific purposes related to its Family-Match program in the state of Florida for the next fiscal year. Because the conditions of this donation have not been met as of December 31, 2020, the Organization considered this as a net asset with donor restrictions.

Also, during 2020, the Organization received \$1,000 from a foundation that was to be used for case worker training support for the implementation of its Family-Match program in the state of Florida. Some of the conditions of this donation were satisfied during 2020. Of the \$1,000 restricted amount, \$180 was still restricted at December 31, 2020. The Organization considered this amount as a net asset with donor restrictions.

See independent auditors' report.

ADOPTION-SHARE, INC.
Notes to Financial Statements
For the Year December 31, 2020

NOTE 7 – 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 8 – RISK AND UNCERTAINTIES

The current global pandemic, Coronavirus Disease 2019 (COVID-19), and responses by governments to help control the outbreak are expected to continue to have negative financial impacts on some of the operations of the Organization. The financial impact of this has not been quantified due to the continued uncertainties surrounding impact to the global economy. The Organization continues to evaluate its income streams and ways to further diversify this income to protect against any harmful loss in future operations.

See independent auditors’ report.