

**National Council for Adoption**

Financial Statements  
and Independent Auditor's Report

April 30, 2024 and 2023

# National Council for Adoption

Financial Statements  
April 30, 2024 and 2023

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
National Council for Adoption

### ***Opinion***

We have audited the accompanying financial statements of National Council for Adoption (NCFA), which comprise the statement of financial position as of April 30, 2024; 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 referred to above present fairly, in all material respects, the financial position of NCFA as of April 30, 2024, 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. 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 NCFA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Emphasis of Matter***

As discussed in Note 2 to the financial statements, NCFA adopted Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), *Measurement of Credit Losses on Financial Instruments*. NCFA has adopted ASU 2016-13 during the year ended April 30, 2024, and has adjusted the presentation in the financial statements as permitted by ASU 2016-13. Our opinion is not modified with respect to this matter.

***Other Matter***

The financial statements of NCFA as of April 30, 2023, were audited by other auditors whose report, dated November 16, 2023, expressed an unmodified opinion on those statements.

***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 NCFA'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 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, including omissions, 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, 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 NCFA's internal control. Accordingly, no such opinion is expressed.

*Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

- 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 NCFA'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.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, flowing style.

Vienna, Virginia  
November 21, 2024

## National Council for Adoption

### Statements of Financial Position April 30, 2024 and 2023

	2024	2023
<b>Assets</b>		
Cash and cash equivalents	\$ 547,802	\$ 528,424
Certificates of deposit	598,235	-
Investments	-	525,398
Accounts receivable	4,778	2,000
Grants and contributions receivable	25,000	18,668
Payroll tax credit receivable	-	163,151
Prepaid expenses and other current assets	26,456	47,656
Property and equipment, net	1,115,919	1,145,348
Right-of-use asset – operating equipment lease	3,820	-
Total assets	<u>\$ 2,322,010</u>	<u>\$ 2,430,645</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 48,147	\$ 97,867
Deferred revenue	288,668	279,364
Lease liability – operating equipment lease	3,820	-
Total liabilities	<u>340,635</u>	<u>377,231</u>
<b>Net Assets</b>		
Without donor restrictions	1,882,328	1,859,533
With donor restrictions	99,047	193,881
Total net assets	<u>1,981,375</u>	<u>2,053,414</u>
Total liabilities and net assets	<u>\$ 2,322,010</u>	<u>\$ 2,430,645</u>

See accompanying notes.

## National Council for Adoption

Statement of Activities  
For the Year Ended April 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Grants and contributions	\$ 342,474	\$ 179,500	\$ 521,974
Conference revenue	258,405	-	258,405
Membership dues	133,136	-	133,136
Training revenue	19,896	-	19,896
In-kind contributions	336,699	-	336,699
Other income	37,987	-	37,987
Investment return, net	84,571	-	84,571
Net assets released from restrictions	274,334	(274,334)	-
<b>Total revenue and support</b>	<b>1,487,502</b>	<b>(94,834)</b>	<b>1,392,668</b>
<b>Expenses</b>			
Program services:			
Education and communication	288,076	-	288,076
Research	115,604	-	115,604
Legislative action	3,232	-	3,232
Post Adoption Project	6,817	-	6,817
Conference	249,288	-	249,288
General programs	354,954	-	354,954
<b>Total program services</b>	<b>1,017,971</b>	<b>-</b>	<b>1,017,971</b>
Supporting services:			
Management and general	309,379	-	309,379
Fundraising	137,357	-	137,357
<b>Total supporting services</b>	<b>446,736</b>	<b>-</b>	<b>446,736</b>
<b>Total expenses</b>	<b>1,464,707</b>	<b>-</b>	<b>1,464,707</b>
<b>Change in Net Assets</b>	<b>22,795</b>	<b>(94,834)</b>	<b>(72,039)</b>
<b>Net Assets, beginning of year</b>	<b>1,859,533</b>	<b>193,881</b>	<b>2,053,414</b>
<b>Net Assets, end of year</b>	<b>\$ 1,882,328</b>	<b>\$ 99,047</b>	<b>\$ 1,981,375</b>

See accompanying notes.

## National Council for Adoption

Statement of Activities  
For the Year Ended April 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Grants and contributions	\$ 528,033	\$ 75,000	\$ 603,033
Conference revenue	201,705	-	201,705
Membership dues	111,779	-	111,779
Training revenue	21,708	-	21,708
In-kind contributions	142,346	-	142,346
Payroll tax credits	163,151	-	163,151
Other income	18,553	-	18,553
Investment return, net	76	-	76
Net assets released from restrictions	317	(317)	-
<b>Total revenue and support</b>	<b>1,187,668</b>	<b>74,683</b>	<b>1,262,351</b>
<b>Expenses</b>			
Program services:			
Education and communication	333,879	-	333,879
Research	54,389	-	54,389
Legislative action	19,858	-	19,858
Conference	161,538	-	161,538
General programs	207,084	-	207,084
<b>Total program services</b>	<b>776,748</b>	<b>-</b>	<b>776,748</b>
Supporting services:			
Management and general	169,790	-	169,790
Fundraising	220,777	-	220,777
<b>Total supporting services</b>	<b>390,567</b>	<b>-</b>	<b>390,567</b>
<b>Total expenses</b>	<b>1,167,315</b>	<b>-</b>	<b>1,167,315</b>
<b>Change in Net Assets</b>	<b>20,353</b>	<b>74,683</b>	<b>95,036</b>
<b>Net Assets, beginning of year</b>	<b>1,839,180</b>	<b>119,198</b>	<b>1,958,378</b>
<b>Net Assets, end of year</b>	<b>\$ 1,859,533</b>	<b>\$ 193,881</b>	<b>\$ 2,053,414</b>

See accompanying notes.



**National Council for Adoption**

Statement of Functional Expenses  
For the Year Ended April 30, 2024

	Program Services							Supporting Services			Total Expenses
	Education and Communication	Research	Legislative Action	Post Adoption Project	Conference	General Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,385	\$ -	\$ 47,385	\$ 47,385
Advertising	409	300	-	-	-	28,029	28,738	195	908	1,103	29,841
Bank fees	858	-	-	-	5,863	-	6,721	3,850	4,939	8,789	15,510
Consulting and professional fees	182,957	55,008	-	-	4,410	149,107	391,482	47,053	22,597	69,650	461,132
Depreciation	-	-	-	-	-	-	-	29,471	-	29,471	29,471
Dues and subscriptions	-	-	-	-	-	2	2	1,562	30	1,592	1,594
Duplication and printing	336	2,405	-	-	3,209	666	6,616	111	1,287	1,398	8,014
Equipment rental	-	-	-	-	-	-	-	4,882	-	4,882	4,882
Fees, licenses, and taxes	-	-	-	-	-	25	25	6,620	-	6,620	6,645
Gala event expense	1,944	2,843	-	-	129,957	1,002	135,746	149	2,505	2,654	138,400
Independent contractor fees	2,981	14,207	-	-	5,425	2,113	24,726	2,063	22,594	24,657	49,383
Insurance	-	-	-	-	-	-	-	11,045	-	11,045	11,045
Other	414	4,400	-	650	2,791	574	8,829	1,517	2,117	3,634	12,463
Personal property taxes	-	-	-	-	-	-	-	326	-	326	326
Postage	-	-	-	-	16	-	16	25	728	753	769
Real estate taxes	-	-	-	-	-	-	-	8,885	-	8,885	8,885
Repairs and maintenance	-	-	-	-	-	-	-	5,060	-	5,060	5,060
Salaries and benefits	95,644	35,874	3,232	6,167	90,305	163,169	394,391	129,618	77,158	206,776	601,167
Supplies	-	-	-	-	1,582	3,456	5,038	627	910	1,537	6,575
Telephone, internet, and website	150	-	-	-	23	768	941	4,722	75	4,797	5,738
Travel	2,383	567	-	-	5,707	6,043	14,700	1,488	1,509	2,997	17,697
Utilities and storage	-	-	-	-	-	-	-	2,725	-	2,725	2,725
<b>Total Expenses</b>	<b>\$ 288,076</b>	<b>\$ 115,604</b>	<b>\$ 3,232</b>	<b>\$ 6,817</b>	<b>\$ 249,288</b>	<b>\$ 354,954</b>	<b>\$ 1,017,971</b>	<b>\$ 309,379</b>	<b>\$ 137,357</b>	<b>\$ 446,736</b>	<b>\$ 1,464,707</b>

See accompanying notes.

**National Council for Adoption**

Statement of Functional Expenses  
For the Year Ended April 30, 2023

	Program Services						Supporting Services			Total Expenses
	Education and Communication	Research	Legislative Action	Conference	General Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,855	\$ -	\$ 48,855	\$ 48,855
Advertising	1,015	6,356	382	-	551	8,304	-	2,972	2,972	11,276
Bank fees	-	-	-	4,357	-	4,357	11,244	-	11,244	15,601
Consulting and professional fees	153,838	1,539	-	14,182	6,339	175,898	49,610	43,392	93,002	268,900
Depreciation	-	-	-	-	-	-	44,491	-	44,491	44,491
Dues and subscriptions	11	-	-	-	2,035	2,046	10,051	645	10,696	12,742
Duplication and printing	-	-	-	-	-	-	-	233	233	233
Equipment rental	-	-	-	-	-	-	4,777	-	4,777	4,777
Fees, licenses, and taxes	-	-	-	-	-	-	5,252	-	5,252	5,252
Independent contractor fees	3,037	23,644	-	-	-	26,681	-	6,023	6,023	32,704
Insurance	-	-	-	-	-	-	12,817	-	12,817	12,817
Meetings	697	-	56	112,882	62	113,697	3,373	93	3,466	117,163
Occupancy	-	-	-	-	-	-	7,650	-	7,650	7,650
Other	983	3,439	1,580	35	-	6,037	609	2,231	2,840	8,877
Overhead allocation	45,549	5,146	4,667	4,107	52,047	111,516	(152,377)	40,861	(111,516)	-
Personal property taxes	-	-	-	-	-	-	2,144	-	2,144	2,144
Postage	119	25	-	-	864	1,008	425	510	935	1,943
Real estate taxes	-	-	-	-	-	-	8,414	-	8,414	8,414
Repairs and maintenance	-	-	-	-	-	-	6,440	-	6,440	6,440
Salaries and benefits	126,045	14,240	12,914	11,364	144,027	308,590	88,835	113,072	201,907	510,497
Supplies	38	-	-	-	70	108	903	6,954	7,857	7,965
Telephone, internet, and website	-	-	-	-	-	-	4,502	770	5,272	5,272
Travel	2,547	-	259	14,611	1,089	18,506	8,576	3,021	11,597	30,103
Utilities and storage	-	-	-	-	-	-	3,199	-	3,199	3,199
<b>Total Expenses</b>	<b>\$ 333,879</b>	<b>\$ 54,389</b>	<b>\$ 19,858</b>	<b>\$ 161,538</b>	<b>\$ 207,084</b>	<b>\$ 776,748</b>	<b>\$ 169,790</b>	<b>\$ 220,777</b>	<b>\$ 390,567</b>	<b>\$ 1,167,315</b>

See accompanying notes.

## National Council for Adoption

### Statements of Cash Flows For the Years Ended April 30, 2024 and 2023

	2024	2023
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (72,039)	\$ 95,036
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	29,471	44,491
Realized and unrealized (gain) loss on investments	(46,825)	15,425
Amortization of right-of-use asset		
– operating equipment lease	3,639	-
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(2,778)	(303)
Grants and contributions receivable	(6,332)	30,832
Payroll tax credit receivable	163,151	(163,151)
Prepaid expenses and other current assets	21,200	(22,009)
(Decrease) increase in:		
Accounts payable and accrued expenses	(49,720)	(208,055)
Deferred revenue	9,304	39,170
Lease liability – operating equipment lease	(3,639)	-
	45,432	(168,564)
<b>Net cash provided by (used in) operating activities</b>		
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(42)	-
Purchases of investments	(12,517)	(404,860)
Purchases of certificates of deposit	(596,065)	-
Reinvestment of interest of certificates of deposit	(2,170)	-
Proceeds from sales of investments	584,740	392,006
	(26,054)	(12,854)
<b>Net cash used in investing activities</b>		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	19,378	(181,418)
<b>Cash and Cash Equivalents, beginning of year</b>	528,424	709,842
<b>Cash and Cash Equivalents, end of year</b>	\$ 547,802	\$ 528,424
<b>Noncash Transactions Arising from ASC 842 Adoption:</b>		
Establishment of right-of-use asset		
– operating equipment lease	\$ 7,460	\$ -
Establishment of lease liability		
– operating equipment lease	\$ 7,460	\$ -

See accompanying notes.

# National Council for Adoption

Notes to Financial Statements  
April 30, 2024 and 2023

## 1. Nature of Operations

National Council for Adoption (NCFA) was founded in 1980, organized under the laws of the state of Texas, as an adoption advocacy nonprofit organization that promotes a culture of adoption through education, research, global advocacy, legislative action, and collaboration. NCFA's mission is to promote the well-being and diverse needs of children, expectant parents, birth parents, and adoptive families by advocating for the positive option of adoption. NCFA's areas of focus are infant adoption, adoption from foster care, and intercountry adoption. Passionately committed to the belief that every child deserves a nurturing, permanent family, NCFA serves children, expectant parents, birth parents, adoptive families, adoption agencies, U.S. and foreign governments, policymakers, media, and the general public as the authoritative voice for adoption. NCFA helps to create and support sound, ethical adoption policies and services. As part of NCFA's education efforts, NCFA works to increase public understanding of and appreciation for adoption and effectively presents a positive image of adoption as a loving way to build nurturing, permanent families.

## 2. Summary of Significant Accounting Policies

### Basis of Accounting and Presentation

NCFA's financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions.

- *Net Assets Without Donor Restrictions* — Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *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.

## National Council for Adoption

Notes to Financial Statements  
April 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (continued)

#### Cash Equivalents

For the purpose of the statements of cash flows, NCFA considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase.

#### Certificates of Deposit

NCFA holds certificates of deposit with original maturity dates greater than a period of 90 days that are carried at amortized cost. Interest earned on the certificates of deposit is included in the accompanying statements of activities. These certificates of deposit do not qualify as securities as defined in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 320, *Investments – Debt and Equity Securities*. Therefore, these investments are not included in the fair value disclosures required by FASB ASC 820, *Fair Value Measurements and Disclosures*. At April 30, 2024 and 2023, certificates of deposit were \$598,235 and \$0, respectively.

#### Investments

Investments are recorded at fair value based on quoted market prices. All realized and unrealized gains and losses, net of investment management fees, are reported as a component of net investment return in the accompanying statements of activities.

#### Accounts Receivable

Accounts receivable consist primarily of membership dues and registration fees. Accounts receivable are presented net of an allowance of credit losses resulting from the inability of payors to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific accounts receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. NCFA historically has insignificant write-offs due to bad debts, and current conditions indicate all receivables are fully collectible. Therefore, no allowance for credit losses has been recognized at April 30, 2024 and 2023.

## National Council for Adoption

Notes to Financial Statements  
April 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (continued)

#### Grants and Contributions Receivable

Grants and contributions receivable are reflected as net realizable value. NCFA's policy is to review each grant and contribution receivable for collectability and write off when management determines the receivable will not be collected. NCFA did not write off any grants and contributions receivable at April 30, 2024 and 2023.

#### Property and Equipment

Property and equipment acquisitions with a cost greater than \$1,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the shorter of the estimated useful lives of the related assets or applicable lease terms. The useful lives range from three to 40 years. Repairs and maintenance costs are expensed as incurred.

NCFA reviews the carrying value of its property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. Based on these reviews, there were no adjustments to the carrying value of long-lived assets for the years ended April 30, 2024 and 2023.

#### Operating Lease

NCFA determines if an arrangement is a lease at inception. Operating lease is included in right-of-use (ROU) asset, which represents NCFA's right to use an underlying asset for the lease terms, and lease liability represents NCFA's obligations to make lease payments arising from lease. Operating ROU lease asset and liability are recognized at the commencement date based on the present value of lease payments over the lease terms. As NCFA's lease does not provide implicit rates, NCFA used a risk-free rate based on the information available at the commencement date in determining the present value of lease payments.

## National Council for Adoption

Notes to Financial Statements  
April 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (continued)

#### Revenue Recognition

##### *Revenue Accounted for in Accordance with Contribution Accounting*

The Organization recognizes grants and contributions when cash, securities, or other assets, or an unconditional promise to give, is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the condition on which they depend have been substantially met.

Grants and contributions are reported as restricted support if received with donor or grantor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Specifically, for the various types of contributions, NCFA recognizes revenue as follows:

Sponsorships that are nonreciprocal are recognized as contributions. Typically, sponsorship agreements contain a right of return or right of release from obligation should the sponsored event not take place. As such, NCFA recognizes revenue for sponsorship when the related event is conducted. At April 30, 2024 and 2023, deferred conference sponsorships totaled \$81,363 and \$59,770, respectively, which is included in deferred revenue in the accompanying statements of financial position.

##### *Revenue Accounted for as Contracts with Customers*

Revenue is recognized when NCFA satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration NCFA expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, NCFA combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

## National Council for Adoption

Notes to Financial Statements  
April 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (continued)

#### Revenue Recognition (continued)

##### *Revenue Accounted for as Contracts with Customers (continued)*

Specifically, for the various type of contracts, NCFA recognizes revenue as follows:

*Membership Dues:* Membership dues are considered exchange transactions as members receive several substantive benefits in exchange for membership. The performance obligations connected with membership dues are noted as an over-time benefit exchange for which members receive monthly access and provision to the provided benefits. Membership dues received in advance of the membership period are reported as deferred membership dues. At April 30, 2024 and 2023, deferred membership dues totaled \$84,151 and \$92,107, respectively, which is included in deferred revenue in the accompanying statements of financial position.

*Conference registration revenue:* Conference attendees receive admission to the conference in exchange for a registration fee. Revenue is recognized at the time of the conference. The conference is typically held after the fiscal year end. At April 30, 2024 and 2023, deferred conference registration totaled \$123,154 and \$127,487, respectively, which is included in deferred revenue in the accompanying statements of financial position.

#### In-Kind Contributions

Donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill that NCFA would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. Volunteer donated services that do not require specific expertise, but assist with NCFA's programs and other activities, are not recognized in the accompanying financial statements as they do not meet the above criteria. In-kind contributions included pro-bono legal services for government relations, foreign adoption issues, and lobbying. During the years ended April 30, 2024 and 2023, NCFA received in-kind contributions with an estimated fair value of \$336,699 and \$142,346, respectively.

#### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.



## National Council for Adoption

Notes to Financial Statements  
April 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (continued)

#### Advertising Costs

Advertising costs are expensed as incurred. NCFA's advertising costs totaled \$29,841 and \$11,276 for the years ended April 30, 2024 and 2023, respectively.

#### Use of 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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Adopted Accounting Pronouncement

In 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. This ASU addresses measurement and reporting of credit losses related to accounts receivable, notes receivable, leases receivable, and held-to-maturity debt securities. The ASU mandates the current expected credit loss model, which measures and reports expected losses over the contractual life of an asset. The measurement of expected life credit losses will be based on relevant information, not just past events (including historical experience and current conditions), but also the “reasonable and supportable” forecasts that affect collectability of the reported amount. This guidance is effective for NCFA for the year ended April 30, 2024. NCFA adopted ASU 2016-13 during the year ended April 30, 2024, and has adjusted the presentation in the financial statements as permitted by ASU 2016-13.

#### Reclassifications

Certain amounts in the 2023 financial statements have been reclassified to conform to the 2024 presentation. These reclassifications have no effect on the change in net assets previously reported.

#### Subsequent Events

In preparing these financial statements, NCFA has evaluated events and transactions for potential recognition or disclosure through November 21, 2024, the date the financial statements were available to be issued.

## National Council for Adoption

Notes to Financial Statements  
April 30, 2024 and 2023

### 3. Liquidity and Availability

NCFA strives to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of this liquidity management, NCFA invests cash and cash equivalents in excess of daily requirements in various-short term investments including money market funds, certificates of deposit, and mutual funds.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at April 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 547,802	\$ 528,424
Certificates of deposit	598,235	-
Investments	-	525,398
Accounts receivable	4,778	2,000
Grants and contributions receivable	25,000	18,668
Payroll tax credit receivable	-	163,151
	<u>                    </u>	<u>                    </u>
Total available for general expenditures	<u>\$ 1,175,815</u>	<u>\$ 1,237,641</u>

### 4. Concentration of Credit Risk

Financial instruments that potentially subject NCFA to significant concentrations of credit risk consist of cash and cash equivalents, certificates of deposit, and investments. NCFA maintains cash deposit and transaction accounts, along with investments and certificates of deposit, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). NCFA has not experienced any credit losses on its cash and cash equivalents, certificates of deposit, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

## National Council for Adoption

Notes to Financial Statements  
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### 5. Investments and Fair Value Measurements

NCFA follows FASB ASC 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. NCFA recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, NCFA uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

The following table presents NCFA's fair value hierarchy for those investments measured on a recurring basis at April 30, 2023:

	Level 1	Level 2	Level 3	Total
Investments:				
Exchange traded funds and closed end funds	\$ 115,797	\$ -	\$ -	\$ 115,797
Mutual funds	409,601	-	-	409,601
Total investments	\$ 525,398	\$ -	\$ -	\$ 525,398

There were no investments at April 30, 2024.

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Notes to Financial Statements  
April 30, 2024 and 2023

### 5. Investments and Fair Value Measurements (continued)

Net investment return consists of the following for the years ended April 30:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 40,429	\$ 19,553
Net realized and unrealized gain (loss)	46,825	(15,425)
Less: investment management fees	<u>(2,683)</u>	<u>(4,052)</u>
Total investment return, net	<u>\$ 84,571</u>	<u>\$ 76</u>

### 6. Property and Equipment

Property and equipment consists of the following at April 30:

	<u>2024</u>	<u>2023</u>
Furniture, fixtures, and equipment	\$ 15,128	\$ 15,128
Building and building improvements	453,938	453,938
Websites and software	216,027	215,985
Land	<u>680,906</u>	<u>680,906</u>
Total property and equipment	1,365,999	1,365,957
Less: accumulated depreciation	<u>(250,080)</u>	<u>(220,609)</u>
Property and equipment, net	<u>\$ 1,115,919</u>	<u>\$ 1,145,348</u>

### 7. In-Kind Contributions

Contributed consulting and professional fees are provided by attorneys that advise NCFA on various legal matters as well as providing research on adoption proceedings and issues. Consulting and professional fees are recognized at fair value based on current hourly rates applied to the amount of time spent pro-bono by the professionals. In-kind contributions for the years ended April 30, 2024 and 2023 totaled \$336,699 and \$142,346, respectively.

## National Council for Adoption

Notes to Financial Statements  
April 30, 2024 and 2023

### 8. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at April 30:

	<u>2024</u>	<u>2023</u>
Purpose restricted:		
Adoption program	\$ 87,641	\$ -
Families for All Project – educational research grant	11,406	40,694
Families for All Project – long-term development	-	108,187
Profiles in Adoption III: Adopted Individuals survey	-	45,000
	<u>          </u>	<u>          </u>
Total net assets with donor restrictions	<u>\$ 99,047</u>	<u>\$ 193,881</u>

### 9. Operating Lease

NCFA leases office equipment under a noncancellable operating lease agreement. This lease contains provisions for fixed monthly rental payments through April 2025.

Supplemental qualitative information related to the operating lease is as follows as of, and for the year ended April 30, 2024:

Operating lease cost	\$ 3,922
Cash paid for amounts included in the measurement of lease liability – operating cash flows	\$ 3,922
ROU asset obtained in exchange for lease obligations	\$ 3,820
Weighted-average remaining lease term (in years)	1.0
Weighted-average discount rate	4.87%

## National Council for Adoption

Notes to Financial Statements  
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### 9. Operating Lease (continued)

Maturities of the lease liability under NCFA's operating lease are as follows for the year ending April 30:

2025	\$ <u>3,922</u>
Total minimum lease payments	3,922
Less: discount to present value at 4.87%	<u>(102)</u>
Present value of operating lease liability	<u>\$ 3,820</u>

### 10. Payroll Tax Credits

Under provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, NCFA is eligible for refundable and non-refundable employee retention credits subject to certain criteria. In connection with the CARES Act, NCFA adopted a policy to recognize the employee retention when earned, as income in the statements of activities. The full amount of \$163,151 has been received in multiple payments during the year ended April 30, 2024.

### 11. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Where feasible, NCFA allocates its expenses directly to specific functions. The expenses that are allocated indirectly include salaries, employee benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort. Additionally, other expenses are allocated utilizing an overhead cost allocation methodology based on estimates of staff time and effort spent on the specific function.

### 12. Retirement Plans

NCFA has a Savings Incentive Match Plan for Employees (SIMPLE) IRA plan covering employees who are reasonably expected to receive \$5,000 or more in compensation in the current calendar year. NCFA contributes 2% of the eligible employees' salary into their accounts, whether they elect to make a pre-tax contribution or not. Total employer contributions for the years ended April 30, 2024 and 2023 was \$9,997 and \$8,891, respectively.

## **National Council for Adoption**

Notes to Financial Statements  
April 30, 2024 and 2023

### **13. Related Party Transactions**

During the years ended April 30, 2024 and 2023, NCFA received contributions from Board members in the amount of \$39,479 and \$53,346, respectively.

### **14. Income Taxes**

NCFA is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes except for taxes on unrelated business activities. No provision for income taxes has been made as there were no unrelated business activities during the years ended April 30, 2024 and 2023.

Management has evaluated NCFA's tax positions and concluded that there are no uncertain tax positions that qualify for either recognition or disclosure in the accompanying financial statements.