

National Council for Adoption

Financial Statements
and Independent Auditor's Report

April 30, 2025 and 2024

National Council for Adoption

Financial Statements
April 30, 2025 and 2024

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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 statements of financial position as of April 30, 2025 and 2024; the related statements of activities, functional expenses, and cash flows for the years 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, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.
- 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.

 Rogers & Company PLLC

Vienna, Virginia
November 21, 2025

National Council for Adoption

Statements of Financial Position April 30, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	\$ 643,213	\$ 547,802
Certificates of deposit	596,083	598,235
Accounts receivable	2,600	4,778
Grants and contributions receivable	189,909	25,000
Prepaid expenses and other current assets	23,608	26,456
Property and equipment, net	1,100,881	1,115,919
Right-of-use asset – operating equipment lease	-	3,820
Total assets	<u>\$ 2,556,294</u>	<u>\$ 2,322,010</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 93,395	\$ 48,147
Deferred revenue	300,030	288,668
Lease liability – operating equipment lease	-	3,820
Total liabilities	<u>393,425</u>	<u>340,635</u>
Net Assets		
Without donor restrictions	1,773,536	1,882,328
With donor restrictions	<u>389,333</u>	<u>99,047</u>
Total net assets	<u>2,162,869</u>	<u>1,981,375</u>
Total liabilities and net assets	<u>\$ 2,556,294</u>	<u>\$ 2,322,010</u>

National Council for Adoption

Statement of Activities For the Year Ended April 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 367,286	\$ 491,161	\$ 858,447
Federal grants	324,160	-	324,160
Conference revenue	310,723	-	310,723
Membership dues	137,008	-	137,008
Training revenue	29,255	-	29,255
In-kind contributions	673,351	-	673,351
Other income	3,467	-	3,467
Interest income	45,353	-	45,353
Net assets released from restrictions	200,875	(200,875)	-
	<hr/>	<hr/>	<hr/>
Total revenue and support	2,091,478	290,286	2,381,764
	<hr/>	<hr/>	<hr/>
Expenses			
Program services:			
Education and communication	205,945	-	205,945
Research	31,482	-	31,482
Legislative action	4,983	-	4,983
Post Adoption Project	5,102	-	5,102
Conference	284,617	-	284,617
General programs	1,238,756	-	1,238,756
	<hr/>	<hr/>	<hr/>
Total program services	1,770,885	-	1,770,885
	<hr/>	<hr/>	<hr/>
Supporting services:			
Management and general	248,788	-	248,788
Fundraising	180,597	-	180,597
	<hr/>	<hr/>	<hr/>
Total supporting services	429,385	-	429,385
	<hr/>	<hr/>	<hr/>
Total expenses	2,200,270	-	2,200,270
	<hr/>	<hr/>	<hr/>
Change in Net Assets	(108,792)	290,286	181,494
	<hr/>	<hr/>	<hr/>
Net Assets , beginning of year	1,882,328	99,047	1,981,375
	<hr/>	<hr/>	<hr/>
Net Assets , end of year	<u>\$ 1,773,536</u>	<u>\$ 389,333</u>	<u>\$ 2,162,869</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
Revenue and Support			
Grants and contributions	\$ 342,474	\$ 179,500	\$ 521,974
Federal grants	21,462	-	21,462
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	16,525	-	16,525
Interest income	40,429	-	40,429
Realized and unrealized gain, net of investment fees	44,142	-	44,142
Net assets released from restrictions	274,334	(274,334)	-
Total revenue and support	1,487,502	(94,834)	1,392,668
Expenses			
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
Total program services	1,017,971	-	1,017,971
Supporting services:			
Management and general	309,379	-	309,379
Fundraising	137,357	-	137,357
Total supporting services	446,736	-	446,736
Total expenses	1,464,707	-	1,464,707
Change in Net Assets	22,795	(94,834)	(72,039)
Net Assets, beginning of year	1,859,533	193,881	2,053,414
Net Assets, end of year	<u>\$ 1,882,328</u>	<u>\$ 99,047</u>	<u>\$ 1,981,375</u>

See accompanying notes.

National Council for Adoption

Statement of Functional Expenses
For the Year Ended April 30, 2025

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,667	\$ -	\$ 48,667	\$ 48,667
Advertising	2,518	-	-	-	-	59,171	61,689	3,325	749	4,074	65,763
Bank fees	646	-	-	-	6,611	3,491	10,748	-	4,343	4,343	15,091
Consulting and professional fees	13,454	-	-	-	32,032	669,424	714,910	15,147	5,025	20,172	735,082
Depreciation	-	-	-	-	-	-	-	15,038	-	15,038	15,038
Dues and subscriptions	100	-	-	-	-	320	420	61	-	61	481
Duplication and printing	981	1,651	-	-	2,901	5,281	10,814	45	1,344	1,389	12,203
Equipment rental	-	-	-	-	-	-	-	5,011	-	5,011	5,011
Fees, licenses, and taxes	65	-	-	-	-	25	90	7,795	-	7,795	7,885
Gala event expense	1,749	-	-	-	128,512	2,422	132,683	2,344	1,839	4,183	136,866
Independent contractor fees	7,606	5,817	-	-	10,437	7,750	31,610	-	90,129	90,129	121,739
Insurance	-	-	-	-	-	-	-	12,658	-	12,658	12,658
Other	784	715	-	-	560	8,109	10,168	239	282	521	10,689
Personal property taxes	-	-	-	-	-	-	-	321	-	321	321
Postage	10	-	-	-	7	573	590	31	820	851	1,441
Real estate taxes	-	-	-	-	-	-	-	9,162	-	9,162	9,162
Repairs and maintenance	-	-	-	-	-	-	-	3,674	-	3,674	3,674
Salaries and benefits	175,347	23,216	4,983	5,102	88,401	340,067	637,116	111,166	74,716	185,882	822,998
Subawards	-	-	-	-	-	117,930	117,930	-	-	-	117,930
Supplies	142	-	-	-	2,055	1,867	4,064	1,872	113	1,985	6,049
Telephone, internet, and website	-	-	-	-	-	1,163	1,163	4,645	-	4,645	5,808
Travel	2,543	83	-	-	13,101	21,163	36,890	4,708	1,237	5,945	42,835
Utilities and storage	-	-	-	-	-	-	-	2,879	-	2,879	2,879
Total Expenses	\$ 205,945	\$ 31,482	\$ 4,983	\$ 5,102	\$ 284,617	\$ 1,238,756	\$ 1,770,885	\$ 248,788	\$ 180,597	\$ 429,385	\$ 2,200,270

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
Total Expenses	\$ 288,076	\$ 115,604	\$ 3,232	\$ 6,817	\$ 249,288	\$ 354,954	\$ 1,017,971	\$ 309,379	\$ 137,357	\$ 446,736	\$ 1,464,707

See accompanying notes.

National Council for Adoption

Statements of Cash Flows For the Years Ended April 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 181,494	\$ (72,039)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	15,038	29,471
Realized and unrealized gain on investments	-	(46,825)
Amortization of right-of-use asset – operating equipment lease	3,820	3,639
Change in present-value discount on receivables	4,520	-
Change in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	2,178	(2,778)
Grants and contributions receivable	(169,429)	(6,332)
Payroll tax credit receivable	-	163,151
Prepaid expenses and other current assets	2,848	21,200
Increase (decrease) in:		
Accounts payable and accrued expenses	45,248	(49,720)
Deferred revenue	11,362	9,304
Lease liability – operating equipment lease	(3,820)	(3,639)
Net cash provided by operating activities	<u>93,259</u>	<u>45,432</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	-	(42)
Purchases of investments	-	(12,517)
Purchases of certificates of deposit	(172,848)	(596,065)
Reinvestment of interest of certificates of deposit	-	(2,170)
Proceeds from sales of investments	-	584,740
Redemption of certificates of deposit	<u>175,000</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>2,152</u>	<u>(26,054)</u>
Net Increase in Cash and Cash Equivalents	95,411	19,378
Cash and Cash Equivalents, beginning of year	<u>547,802</u>	<u>528,424</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 643,213</u></u>	<u><u>\$ 547,802</u></u>
Noncash Transactions Arising from ASC 842 Adoption		
Establishment of right-of-use asset – operating equipment lease	<u>\$ -</u>	<u>\$ 7,460</u>
Establishment of lease liability – operating equipment lease	<u><u>\$ -</u></u>	<u><u>\$ (7,460)</u></u>

See accompanying notes.

National Council for Adoption

Notes to Financial Statements
April 30, 2025 and 2024

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 as follows:

- *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.

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.

National Council for Adoption

Notes to Financial Statements April 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

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, 2025 and 2024, certificates of deposit were \$596,083 and \$598,235, respectively.

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, 2025 and 2024.

Grants and Contributions Receivable

Grants and contributions receivable are reflected as net realizable value. Grants and contributions receivable due in more than one year are discounted to present value based on management's estimate of the risk-adjusted rate of return. 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, 2025 and 2024. No allowance for uncollectible grants and contributions receivable has been established at both April 30, 2025 and 2024, as all amounts are deemed fully collectible.

National Council for Adoption

Notes to Financial Statements
April 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

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, 2025 and 2024.

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.

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

NCFA 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 conditions on which they depend have been substantially met.

National Council for Adoption

Notes to Financial Statements
April 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue Accounted for in Accordance with Contribution Accounting (continued)

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, 2025 and 2024, deferred conference sponsorships totaled \$71,513 and \$81,363, 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. Specifically, for the various type of contracts, NCFA recognizes revenue as follows:

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, 2025 and 2024, deferred conference registration totaled \$148,930 and \$123,154, respectively, which is included in deferred revenue in the accompanying statements of financial position.

National Council for Adoption

Notes to Financial Statements
April 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue Accounted for as Contracts with Customers (continued)

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, 2025 and 2024, deferred membership dues totaled \$79,587 and \$84,151, 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, 2025 and 2024, NCFA received in-kind contributions with an estimated fair value of \$673,351 and \$336,699, 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.

Advertising Costs

Advertising costs are expensed as incurred. NCFA's advertising costs totaled \$65,763 and \$29,841 for the years ended April 30, 2025 and 2024, respectively.

National Council for Adoption

Notes to Financial Statements April 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

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.

Reclassifications

Certain amounts in the 2024 financial statements have been reclassified to conform to the 2025 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, 2025, the date the financial statements were available to be issued.

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:

	2025	2024
Cash and cash equivalents	\$ 643,213	\$ 547,802
Certificates of deposit	596,083	598,235
Accounts receivable	2,600	4,778
Grants and contributions receivable	189,909	25,000
Total available for general expenditures	<u>\$ 1,431,805</u>	<u>\$ 1,175,815</u>

National Council for Adoption

Notes to Financial Statements April 30, 2025 and 2024

4. Concentrations 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.

5. 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, 2025 and 2024 totaled \$673,351 and \$336,699, respectively.

6. Grants and Contributions Receivable

Grants and contributions receivable consists of the following at April 30:

	2025	2024
Receivable in less than one year	\$ 112,435	\$ 25,000
Receivable in one to five years	82,000	-
Total contributions and grants receivable	194,435	25,000
Less: present value discount (3.87%)	(4,526)	-
Contributions and grants receivable, net	<u>\$ 189,909</u>	<u>\$ 25,000</u>

National Council for Adoption

Notes to Financial Statements April 30, 2025 and 2024

7. Property and Equipment

Property and equipment consists of the following at April 30:

	2025	2024
Furniture, fixtures, and equipment	\$ 15,128	\$ 15,128
Building and building improvements	453,938	453,938
Websites and software	216,027	216,027
Land	680,906	680,906
Total property and equipment	1,365,999	1,365,999
Less: accumulated depreciation	(265,118)	(250,080)
Property and equipment, net	<u>\$ 1,100,881</u>	<u>\$ 1,115,919</u>

8. Net Assets With Donor Restrictions

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

	2025	2024
Purpose restricted:		
Adoption program	\$ 101,610	\$ 87,641
Families for All Project – educational research grant	-	11,406
Government relations	120,064	-
Research	49,185	-
Time restricted	118,474	-
Total net assets with donor restrictions	<u>\$ 389,333</u>	<u>\$ 99,047</u>

9. Commitments and Contingencies

Hotel Commitments

NCFA has entered into agreements with hotels for its future conferences through 2026. These agreements stipulate that NCFA would be liable for certain cancellation fees and liquidated damages in the event of a conference cancellation.

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Notes to Financial Statements April 30, 2025 and 2024

9. Commitments and Contingencies (continued)

Equipment Lease

NCFA leases office equipment under a noncancellable operating lease agreement. This lease contained provisions for fixed monthly rental payments through April 2025. NCFA did not renew the copier lease. Supplemental qualitative information related to the operating lease is as follows as of, and for the years ended, April 30:

	2025	2024
Operating lease cost	\$ 3,922	\$ 3,922
Cash paid for amounts included in the measurement of lease liability – operating cash flows	\$ 3,922	\$ 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%	4.87%

Government Grants

Funds received from federal and other government agencies are subject to an audit under the provisions of the cooperative and grant agreements. The ultimate determination of amounts received under these cooperative and grant agreements is based upon the allowable costs reported to and accepted by the oversight agencies. Until such cooperative and grant agreements are closed out, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists.

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 was received in multiple payments during the year ended April 30, 2024.

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Notes to Financial Statements April 30, 2025 and 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, 2025 and 2024 were \$12,337 and \$9,997, respectively.

13. Related Party Transactions

During the years ended April 30, 2025 and 2024, NCFA received contributions from Board members in the amount of \$76,924 and \$39,479, 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, 2025 and 2024. 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.