

**ADOPTION-SHARE, INC.**

**FINANCIAL STATEMENTS**

**For the Year Ended  
December 31, 2021**

***(With Independent Auditor's Report Thereon)***

**ADOPTION-SHARE, INC.**

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**DECEMBER 31, 2021**

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# Hudson & NeSmith, CPAs & Advisors

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

Ronald D. Hudson, CPA, CFP®, PFS ®

John A. NeSmith, Jr., CPA

## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adoption-Share, Inc. as of December 31, 2021, 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 Adoption-Share, Inc. 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.

### 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 Adoption-Share, Inc.'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

### Certified Public Accountants and Advisors

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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 Adoption-Share, Inc.'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 Adoption-Share, Inc.'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.

*Hudson & NeSmith, CPAs and Advisors*

Hudson & NeSmith, CPAs and Advisors  
Sylvester, Georgia  
April 12, 2022

**ADOPTION-SHARE, INC.**  
**Statement of Financial Position**  
**December 31, 2021**

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<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 320,953
Government Contract Receivable	31,667
Contributions Receivable	97,000
<b>Total Current Assets</b>	<u>449,620</u>
<b>Property and Equipment</b>	
Computer Equipment	7,267
	<u>7,267</u>
Less: Accumulated Depreciation	(3,203)
<b>Property and Equipment, Net</b>	<u>4,064</u>
<b>Total Assets</b>	<u>\$ 453,684</u>

*See independent auditor's report.*

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

**ADOPTION-SHARE, INC.**  
**Statement of Financial Position**  
**December 31, 2021**

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<b>LIABILITIES AND NET ASSETS</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 20,616
Accrued Wages Payable	24,882
Accrued Payroll Taxes	10,627
<b>Total Liabilities</b>	<u>56,125</u>
<b>Net Assets</b>	
Net Assets Without Donor Restrictions	
Undesignated	397,559
Net Assets With Donor Restrictions:	
Restricted by purpose or time	-
<b>Total Net Assets</b>	<u>397,559</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 453,684</u>

*See independent auditor's report.*

*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, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 290,242	\$ -	\$ 290,242
Conditional Contribution - PPP Loan Forgiveness (See Note 4)	68,215	-	68,215
Donated Services	343,923	-	343,923
Donated Supplies	238	-	238
Government Contracts	31,667	-	31,667
Program Income	10,450	-	10,450
Foundation Grants	-	254,496	254,496
Interest	23	-	23
Net Assets Released from Restrictions: Satisfied Program Restriction	354,676	(354,676)	-
<b>Total Support and Revenue</b>	<u>\$ 1,099,434</u>	<u>\$ (100,180)</u>	<u>\$ 999,254</u>
<b>EXPENSES</b>			
Program Services	\$ 922,552	\$ -	\$ 922,552
Management & General	48,632	-	48,632
Fundraising	25,727	-	25,727
<b>Total Expenses</b>	<u>\$ 996,911</u>	<u>\$ -</u>	<u>\$ 996,911</u>
<b>Change in Net Assets</b>	<u>\$ 102,523</u>	<u>\$ (100,180)</u>	<u>\$ 2,343</u>
<b>NET ASSETS, beginning of year</b>	\$ 295,036	\$ 100,180	\$ 395,216
<b>NET ASSETS, end of year</b>	<u><u>\$ 397,559</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 397,559</u></u>

*See independent auditor's report.*

*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, 2021**

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<b>Cash Flows from Operating Activities:</b>	
Change in Net Assets	\$ 2,343
Adjustments to reconcile increases in net assets to net cash provided by operating activities:	
Depreciation	895
Changes in operating assets and liabilities:	
Decrease (increase) in Contributions Receivable	(97,000)
Decrease (increase) in Government Contract Receivable	(31,667)
Increase (decrease) in Accounts Payable	4,132
Increase (decrease) in Accrued Wages Payable	24,882
Increase (decrease) in Accrued Payroll Taxes	<u>6,881</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(89,534)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	
Purchase of Equipment	<u>(3,715)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(3,715)</u>
<b>Cash Flows Provided (Used) by Financing Activities</b>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(93,249)</u>
<b>CASH AND CASH EQUIVALENTS, beginning of the year</b>	414,202
<b>CASH AND CASH EQUIVALENTS, end of the year</b>	<u>\$ 320,953</u>
<b>Supplemental Data - Noncash Activities</b>	
Interest expense related to principal and interest forgiveness of Payroll Protection Program Loan	<u>\$ 331</u>

*See independent auditor's report.*

*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, 2021**

	<b>Program Services</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Advertising/Promotional	\$ 31,952	\$ -	\$ 845	\$ 32,797
Bank Charges	871	-	15	886
Cloud Based Services	5,952	-	-	5,952
Depreciation	-	895	-	895
Donated Services	343,923	-	-	343,923
Donated Supplies	238	-	-	238
Dues & Subscriptions	10,010	3,719	-	13,729
Insurance	1,033	753	-	1,786
Interest on PPP Loan Forgiveness	-	331	-	331
Legal & Professional Fees	51,020	20,470	795	72,285
Meals & Entertainment	1,511	-	28	1,539
Office Expenses	79	14	-	93
Other Expense	2,376	184	208	2,768
Payroll Expenses	275,083	20,313	17,938	313,334
Post Placement Support Packages	7,037	-	-	7,037
Shipping & Delivery	1,073	19	151	1,243
Stationary & Printing	1,213	-	-	1,213
Subcontractors	153,874	375	4,375	158,624
Taxes & Licenses	21,044	1,559	1,372	23,975
Travel	12,544	-	-	12,544
Travel Meals	1,719	-	-	1,719
Totals	<u>\$ 922,552</u>	<u>\$ 48,632</u>	<u>\$ 25,727</u>	<u>\$ 996,911</u>

*See independent auditor's report.*

*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, 2021**

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**NOTE 1 – ORGANIZATION AND PURPOSE**

Nature of Organization

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

The Organization exists to leverage technology to bring efficiency, innovation, and reform to the private and public adoption process and to raise awareness about adoption in the United States through innovative campaigns. The Organization is revolutionizing the private and public adoption process by providing cutting-edge technology to assist children, families, and professionals. 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 two main programs:

1. **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.
2. **MyAdoption-Share.com** – a platform announcing new adoption situations to waiting parents via their Adoption-Share membership log in.

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 three states, over the past three years, Family-Match has helped over 700 children with significant special needs get matched with adoptive families and has celebrated over 310 finalized adoptions. The Organization 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’s network for private infant adoption has widely expanded the reach of adoptive parents, enabling families with a valid home-study to search for and find matches, sometimes achieving adoption in as little as six months. The Organization has been proven to decrease the average wait for many adoptive parents by 18 months, while simultaneously empowering prospective adoptive parents with decision-making latitude for the first time in the history of private adoption.

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

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

Basis of Accounting

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

*See independent auditor’s report.*

**ADOPTION-SHARE, INC.**  
**Notes to Financial Statements**  
**For the Year December 31, 2021**

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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.

Contributions Receivable

Contributions receivable and unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Contributions receivable and 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 \$895.

*See independent auditor's report.*

**ADOPTION-SHARE, INC.**  
**Notes to Financial Statements**  
**For the Year December 31, 2021**

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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 \$269,672 for its software application development. Also, it received donations of goods and services estimated at \$1,789 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 \$15,250 from donors 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 \$57,450. Such amounts have been reported as donated services for \$343,923 and donated supplies for \$238 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, 2021, the amount charged to expense was \$32,797. Approximately 60% of the total advertising expense was spent on targeted program outreach efforts within the states in which Family-Match is implemented with the goal of encouraging user

*See independent auditor's report.*

**ADOPTION-SHARE, INC.**  
**Notes to Financial Statements**  
**For the Year December 31, 2021**

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adoption of the Family-Match application. The remainder of the advertising expense was used primarily to attract prospective foster and adoptive families through targeted outreach and hone the messaging around the Family-Match program on public-facing websites.

Functional Allocation of Expenses

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

Income Tax Status

The Organization has obtained exemption from federal income taxes under Section 501(c) 3 of the Internal Revenue Code as an organization that is not a private foundation. Therefore, no provision for income taxes has been included in the financial statements. The Organization, however, is required to file a Form 990, Return for Organization Exempt 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, 2021 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2021. Management performed their analysis through April 12, 2022 the date the financial statements were available to be issued.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of December 31, 2021, were comprised of cash in checking and money transfer service accounts. In summary, as of December 31, 2021, the Organization's cash and cash equivalents consist of the following:

Deposits with financial institutions	\$ 318,461
Money transfer service entities	<u>2,492</u>
Total cash and cash equivalents	<u>\$ 320,953</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

*See independent auditor's report.*

**ADOPTION-SHARE, INC.**  
**Notes to Financial Statements**  
**For the Year December 31, 2021**

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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 times during the year, cash of the Organization deposited in financial institutions exceeded the FDIC limit of \$250,000. Management of the Organization deposits cash funds in high quality institutions to mitigate the risk due to uninsured deposit exposure.

**NOTE 4 – PAYROLL PROTECTION PROGRAM LOAN**

The Organization received a loan from Synovus Bank in the amount of \$67,883.95 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This was considered the Organization's second draw PPP loan. The loan was subject to a note dated February 26, 2021, 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 August 26, 2021, 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 on the loan amounted to \$67,883.95, and total interest forgiven on the loan amounted to \$331.05.

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	\$ 318,461
Money transfer service entities	2,492
Government contract receivable	31,667
Contributions receivable	<u>97,000</u>
	<u>\$ 449,620</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 449,620</u></u>

**NOTE 6 – CONFLICT OF INTEREST POLICY**

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

*See independent auditor's report.*

**ADOPTION-SHARE, INC.**  
**Notes to Financial Statements**  
**For the Year December 31, 2021**

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**NOTE 7 – 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 auditor's report.*