

Cradle Adoption Partners, NFP

**Consolidated Financial Statements and
Independent Auditors' Report**

September 30, 2020

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3 - 5
FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	6
Consolidated Statements of Activities	7
Consolidated Statements of Functional Expenses	8
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	10 - 31
SUPPLEMENTAL INFORMATION	
Consolidating Schedule of Financial Position	33
Consolidating Schedule of Activities	34 - 35

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Cradle Adoption Partners, NFP
Evanston, Illinois

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Cradle Adoption Partners, NFP (the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2020, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

(Continued)

Auditors' Responsibility (Continued)

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cradle Adoption Partners, NFP as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated February 6, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters (Continued)

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis rather than to present the financial position and changes in net assets of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in our audit of the 2020 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., Ltd.

Certified Public Accountants

Deerfield, Illinois

March 1, 2021

CONSOLIDATED FINANCIAL STATEMENTS

Cradle Adoption Partners, NFP
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2020 with summarized totals as of September 30, 2019

<u>ASSETS</u>	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Totals
CURRENT ASSETS				
Cash	\$ 696,986	\$ -	\$ 696,986	\$ 491,504
Investments, at fair value	9,132,638	4,589,479	13,722,117	13,399,927
Receivables	40,122	-	40,122	68,965
Contributions receivable, current portion	-	143,000	143,000	101,000
Prepaid expenses and other assets	257,786	-	257,786	250,145
Total current assets	<u>10,127,532</u>	<u>4,732,479</u>	<u>14,860,011</u>	<u>14,311,541</u>
NONCURRENT ASSETS				
Long-term contributions receivable, less current portion	-	59,844	59,844	82,295
Assets held in remainder trust	-	46,888	46,888	40,316
Beneficial interest in perpetual trust	-	3,348,702	3,348,702	3,268,075
Property and equipment, net of accumulated depreciation	2,761,128	-	2,761,128	2,912,138
Total noncurrent assets	<u>2,761,128</u>	<u>3,455,434</u>	<u>6,216,562</u>	<u>6,302,824</u>
	<u>\$ 12,888,660</u>	<u>\$ 8,187,913</u>	<u>\$ 21,076,573</u>	<u>\$ 20,614,365</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Line of credit	\$ 4,000,000	\$ -	\$ 4,000,000	\$ 4,000,000
Accounts payable	175,584	-	175,584	114,950
Accrued payroll and benefits	73,770	-	73,770	62,411
Accrued vacation	139,362	-	139,362	121,889
Other accrued expenses	24,214	-	24,214	90,887
Current obligations under capital lease	20,500	-	20,500	19,894
Deferred revenue	22,390	-	22,390	91,388
Total current liabilities	<u>4,455,820</u>	<u>-</u>	<u>4,455,820</u>	<u>4,501,419</u>
LONG-TERM DEBT				
Capital lease payable, less current portion	61,531	-	61,531	82,031
Note payable	614,881	-	614,881	-
Total long-term debt	<u>676,412</u>	<u>-</u>	<u>676,412</u>	<u>82,031</u>
Total liabilities	<u>5,132,232</u>	<u>-</u>	<u>5,132,232</u>	<u>4,583,450</u>
NET ASSETS	<u>7,756,428</u>	<u>8,187,913</u>	<u>15,944,341</u>	<u>16,030,915</u>
	<u>\$ 12,888,660</u>	<u>\$ 8,187,913</u>	<u>\$ 21,076,573</u>	<u>\$ 20,614,365</u>

The accompanying notes are an integral part of these consolidated statements.

Cradle Adoption Partners, NFP

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the year ended September 30, 2020 with summarized totals for the year ended September 30, 2019

	2020			2019 Summarized Totals
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues				
Public support				
Contributions				
Individuals and others	\$ 1,172,111	\$ 63,204	\$ 1,235,315	\$ 1,019,522
Special events	277,612	-	277,612	619,966
Trusts	154,133	-	154,133	153,624
Bequests	50,000	-	50,000	-
Donated goods and services	371,394	-	371,394	1,165,434
	<u>2,025,250</u>	<u>63,204</u>	<u>2,088,454</u>	<u>2,958,546</u>
Program revenue				
Fee income	1,581,673	-	1,581,673	1,761,426
Other revenues, net				
Interest and dividends	193,033	54,351	247,384	321,382
Realized/unrealized net gains (losses) on investments	1,247,837	72,486	1,320,323	(57,605)
Changes in value of split interest agreements and trusts	-	87,200	87,200	(96,947)
Miscellaneous	11,958	-	11,958	8,941
	<u>1,452,828</u>	<u>214,037</u>	<u>1,666,865</u>	<u>175,771</u>
Net assets released from restrictions	<u>167,630</u>	<u>(167,630)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>5,227,381</u>	<u>109,611</u>	<u>5,336,992</u>	<u>4,895,743</u>
Expenses				
Program services				
Social service	1,434,502	-	1,434,502	1,660,651
Nursery	716,950	-	716,950	648,486
Outreach and communications	1,110,920	-	1,110,920	1,845,130
Our Children	111,320	-	111,320	90,307
Adoption Learning Partners	410,029	-	410,029	556,969
	<u>3,783,721</u>	<u>-</u>	<u>3,783,721</u>	<u>4,801,543</u>
Supporting services				
Management and general	1,112,436	-	1,112,436	1,249,144
Fundraising - other	421,917	-	421,917	475,293
Fundraising - special events	105,492	-	105,492	207,450
	<u>1,639,845</u>	<u>-</u>	<u>1,639,845</u>	<u>1,931,887</u>
Total expenses	<u>5,423,566</u>	<u>-</u>	<u>5,423,566</u>	<u>6,733,430</u>
CHANGE IN NET ASSETS	(196,185)	109,611	(86,574)	(1,837,687)
Net assets, beginning of year	<u>7,952,613</u>	<u>8,078,302</u>	<u>16,030,915</u>	<u>17,868,602</u>
Net assets, end of year	<u>\$ 7,756,428</u>	<u>\$ 8,187,913</u>	<u>\$ 15,944,341</u>	<u>\$ 16,030,915</u>

The accompanying notes are an integral part of these consolidated statements.

Cradle Adoption Partners, NFP
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Year ended September 30, 2020 with summarized totals for the year ended September 30, 2019

Functional expenses	Program Services					Supporting Services			2020 Total Expenses	2019 Summarized Totals
	Social Service	Nursery	Outreach and Communications	Our Children	Adoption Learning Partners	Management and General	Fundraising			
							Other	Special Events		
Payroll	\$ 1,000,096	\$ 491,620	\$ 192,112	\$ 82,087	\$ 247,169	\$ 407,594	\$ 247,411	\$ -	\$ 2,668,089	\$ 2,768,751
Payroll taxes and fringe benefits	199,781	98,207	38,377	16,398	49,375	76,245	54,350	-	532,733	612,425
Medical, prenatal and other living expenses	15,063	731	-	-	-	-	-	-	15,794	39,022
Occupancy	55,990	22,212	5,213	2,752	4,745	30,053	-	4,051	125,016	199,791
Insurance	22,066	10,439	2,520	1,040	2,293	56,156	-	-	94,514	98,640
Telephone	18,439	7,113	2,254	640	1,696	9,802	-	-	39,944	40,499
Supplies	1,238	47,273	1,439	546	85	6,518	1,034	375	58,508	57,786
Postage and shipping	723	11	1,188	1	-	232	2,675	70	4,900	11,466
Travel	15,469	-	4,089	558	3,468	4,000	617	4,592	32,793	46,011
Equipment repairs and maintenance	22,617	7,986	1,927	796	1,754	47,646	5,790	9,854	98,370	103,368
Professional service fees	6,396	-	290,107	-	24,955	277,051	77,900	1,904	678,313	1,555,869
Temporary help	294	2,690	-	504	-	-	8,130	-	11,618	6,644
Education and research	3,568	400	1,890	1,125	2,510	8,357	1,578	-	19,428	17,572
Meeting expense	4,999	111	479	904	568	1,501	4,208	64	12,834	11,884
Other event expenses	-	-	-	-	-	-	-	72,187	72,187	147,551
Communications	389	-	446,427	1,232	34,904	8,934	7,757	7,553	507,196	534,370
Depreciation and amortization	55,485	25,530	122,682	2,533	21,385	39,244	449	-	267,308	232,858
Banking and credit card fees	-	-	-	-	14,981	24,954	7,022	1,895	48,852	68,277
Interest expense and debt service	1,173	555	134	55	122	100,758	-	-	102,797	162,342
Miscellaneous	10,716	2,072	82	149	19	13,391	2,996	2,947	32,372	18,304
	<u>\$ 1,434,502</u>	<u>\$ 716,950</u>	<u>\$ 1,110,920</u>	<u>\$ 111,320</u>	<u>\$ 410,029</u>	<u>\$ 1,112,436</u>	<u>\$ 421,917</u>	<u>\$ 105,492</u>	<u>\$ 5,423,566</u>	<u>\$ 6,733,430</u>

The accompanying notes are an integral part of these consolidated statements.

Cradle Adoption Partners, NFP
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended September 30, 2020 with summarized totals
for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ (86,574)	\$ (1,837,687)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	267,308	232,858
Realized and unrealized (gains) losses on investments and trusts, net	(1,400,951)	154,486
Changes in value of split interest agreements	(6,572)	66
Gain on sale of property and equipment	-	(1,711)
(Increase) decrease in assets		
Receivables	28,843	55,337
Pledges receivable	(19,549)	104,633
Prepaid expenses and other assets	(123,939)	(191,243)
Increase (decrease) in liabilities		
Accounts payable	60,634	15,531
Accrued expenses	(37,841)	47,053
Deferred revenue	(68,998)	(21,739)
Net cash used in operating activities	<u>(1,387,639)</u>	<u>(1,442,416)</u>
Cash flows from investing activities		
Purchases of investments	(730,000)	-
Proceeds from sales of investments	1,728,134	1,932,520
Proceeds from sale of property and equipment	-	28,811
Purchases of property and equipment	-	(45,851)
Net cash provided by investing activities	<u>998,134</u>	<u>1,915,480</u>
Cash flows from financing activities		
Borrowings on note payable	614,881	-
Repayment of capital lease	(19,894)	(51,991)
Repayment of line of credit	-	(200,000)
Net cash provided by (used in) financing activities	<u>594,987</u>	<u>(251,991)</u>
NET INCREASE IN CASH	205,482	221,073
Cash, beginning of year	<u>491,504</u>	<u>270,431</u>
Cash, end of year	<u>\$ 696,986</u>	<u>\$ 491,504</u>
<u>Supplemental disclosure of cash flow information</u>		
Cash paid for interest	<u>\$ 110,058</u>	<u>\$ 162,342</u>
Equipment financed through capital lease agreement	<u>\$ -</u>	<u>\$ 105,183</u>

The accompanying notes are an integral part of these consolidated statements.

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE A - NATURE OF ORGANIZATION AND PRINCIPLES OF CONSOLIDATION

1. Nature of Organization

The accompanying consolidated financial statements include the financial information of The Cradle and The Cradle Foundation (the Foundation) (collectively, the "Organization"). Cradle Adoption Partners, NFP (CAP), which serves as the sole voting member of The Cradle, had no assets, liabilities or financial activity for the year ended September 30, 2020.

Founded in 1923 and located in Evanston, Illinois, The Cradle has placed more than 15,000 children. The Cradle is committed to working with clients of every race, religion and ethnic background. It is the only adoption agency in the country to operate a 24-hour nursery on premises. This nursery plays a critical role in The Cradle's ability to care for infants while their parents continue to receive decision-making counseling services and to place infants born with special needs with loving and caring families.

Free counseling and support is provided to expectant parents as they are considering all options available to them, which may include a plan for adoption for their child. Such counseling and support remains available to birth parents even after their decision is made. Prospective adoptive parents are prepared for and supported throughout the process to become adoptive parents. Post-placement support is provided to individuals and families immediately following the placement, and throughout life.

Through the Center for Lifelong Adoption Support (CLAS), certified adoption-competent therapists provide a continuum of support to birth and adoptive parents, adopted persons and families as they live, learn and grow. Another program of The Cradle – Adoption Learning Partners (ALP) – provides adoption preparation and education through online courses and webinars for adoptive parents and adoption professionals throughout the world. Since 2002, more than 100,000 individuals have enrolled in over 300,000 courses through ALP (www.adoptionlearningpartners.org).

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE A - NATURE OF ORGANIZATION AND PRINCIPLES OF CONSOLIDATION

(Continued)

1. Nature of Organization (Continued)

The Cradle is licensed by the Illinois Department of Children and Family Services to provide infant adoption services and to provide infant care in its on-site nursery, and is fully accredited to provide adoption services for Hague Convention Countries for the U.S. State Department. It is a member of the National Council for Adoption (NCFCA) and other adoption and child-welfare-focused advocacy groups.

The Foundation was formed in January 2003 as an Illinois public not-for-profit corporation and commenced operations in January 2004. The Foundation was organized to provide support to The Cradle. Support distributions of \$2,545,000 for the year ended September 30, 2020 were made by the Foundation to The Cradle. These transactions have been eliminated in consolidation. A majority of the consolidated assets are investments and pledges receivable held by the Foundation.

2. Principles of Consolidation

The financial statements of The Cradle and The Foundation have been consolidated in accordance with the standards for consolidation under the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). All related-party balances and transactions between The Cradle and The Foundation have been eliminated in consolidation.

3. Prior-year Summarized Information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organizations' consolidated financial statements for the year ended September 30, 2019, from which the summarized information was derived.

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of Accounting**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with GAAP, which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature: those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is fulfilled), net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. Contributions that are donor-restricted for which the restriction is satisfied in the same reporting period are classified as without donor restrictions.

2. **Investments, at Fair Value**

Investments in marketable securities with readily determinable fair values are reported at their fair values in the consolidated statements of financial position. Investment income represents interest, dividends, and realized/unrealized gains and losses and is included in the consolidated statements of activities. Investments are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the consolidated financial statements.

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Receivables

Receivables consist primarily of adoption fees and are reported at net realizable value, which is the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history of individuals having outstanding receivable balances and taking into consideration the age of past due accounts, an assessment of the ability to pay, as well as current relationships, management considers receivables to be fully collectible as of September 30, 2020. Accordingly, no allowance for doubtful accounts has been recorded in the consolidated statements of financial position. Individual accounts are written off when collection appears doubtful.

4. Contributions Receivable

Contributions receivable are stated at the amount management expects to collect from outstanding balances. Unconditional contributions (promises to give) that are expected to be collected within one year are recorded at net realizable value. Unconditional contributions that are expected to be collected in future years are recorded at fair value, which is measured as the present value of estimated future cash flows, at the date the contribution or pledge is received, to the extent estimated to be collectible by the Organization. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue. No allowance for contributions receivable is provided based upon management's judgment, including such factors as collection history, type of contribution and nature of the fundraising activity.

5. Assets Held in Remainder Trust

The Organization has been designated as the remainderman of a charitable remainder unitrust. The assets of the trust are held by outside trustees who distribute annuity payments to the donors. The trust will be transferred to the Organization for general operating purposes upon the death of the donor. The trust is reflected as assets with donor restrictions on the consolidated statements of financial position. Changes in the fair value of charitable remainder unitrust is reflected as changes in value of split-interest agreements and trusts in net assets with donor restrictions on the consolidated statements of activities.

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Beneficial Interests in Perpetual Trusts

The Organization has a beneficial interest in the income of three perpetual trusts held by third parties. These trusts are reflected as net assets with donor restrictions on the consolidated statements of financial position. Changes in the fair value of the Organization's interest in the trust assets are reflected as changes in the value of split-interest agreements and trusts in net assets with donor restrictions on the consolidated statements of activities. Annual distributions from the trust are reported as investment returns in the consolidated statements of activities.

7. Property and Equipment

Property and equipment purchases of \$2,500 or more are recorded at cost and depreciated over their estimated useful lives on a straight-line basis. Major renewals and betterments, which extend the useful life of an asset, are capitalized while routine maintenance and repairs are expensed as incurred. The estimated useful lives for determining depreciation of the various classes of assets are as follows:

Land improvements and parking lot	15 years
Building and building improvements	10 - 50 years
Furnishings, equipment and software	3 - 10 years

8. Deferred Revenue

Deferred revenue consists of funds received for programs and other events received in advance of the period in which the service is rendered. The Organization recognizes revenues when the related services are provided.

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Revenue Recognition

Public Support

Public support consists of cash and securities received from donors. Contributions, including unconditional pledges, are recognized in the period received. Conditional pledges are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value at date of gift. All gifts of publicly-traded securities are sold upon receipt in accordance with the Organizations' gift acceptance policy.

Fee Income

Fee income consists of adoption services fees, counseling fees, and Adoption Learning Partners product revenue, and is recognized as the services are provided.

10. Donated Services

A substantial number of unpaid volunteers and members of the Boards of Directors and Committees of The Cradle and the Foundation have made significant contributions of their time to various activities of the Organizations. The Organizations recognize as contributions the fair value only of those contributed services that either create or enhance non-financial assets or require specialized skills and that would otherwise have been purchased in the period received. Donated goods are recorded at the fair value of the items donated. Donated goods and services included as support in the consolidated statements of activities include donated legal services, employee training, nursery supplies, public relations and marketing/advertising services totaling \$371,394 for the year ended September 30, 2020.

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Functional Expense Allocation

The costs of providing the Organization's programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, costs associated with a specific program are charged directly to that program. Costs that benefit more than one function have been allocated among the programs and supporting services benefited based on a systematic and rational method.

The expenses that are allocated include the following:

Expense	Method of Allocation
Payroll	Time and Effort
Payroll taxes and fringe benefits	Time and Effort
Medical, prenatal and other living expenses	Time and Effort
Occupancy	Square Footage
Insurance	Direct
Telephone	Direct
Supplies	Direct
Postage and shipping	Direct
Travel	Direct
Equipment repairs and maintenance	Direct
Professional service fees	Direct
Temporary help	Direct
Education and research	Direct
Meeting expense	Direct
Other event expenses	Direct
Communications	Direct
Depreciation and amortization	Direct
Banking and credit card fees	Direct
Interest expense and debt service	Square Footage
Miscellaneous	Direct

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Income Tax Matters

The Cradle, the Foundation, and CAP have received determination letters from the Internal Revenue Service indicating these Organizations are tax-exempt organizations as provided in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal and state income taxes on income related to their exempt purpose. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other applicable taxing authorities.

Management has analyzed the tax positions taken by the Organization, and has concluded that as of September 30, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements.

13. Use of Estimates

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

14. Fair Value of Financial Instruments

The carrying amounts of financial instruments, including receivables, contributions receivable, accounts payable and accrued expenses approximate fair value due to the nature or short maturity of these instruments. The carrying amount of the line of credit and note payable approximate fair value because the interest rates fluctuate with market interest rates or the fixed rates are based on current rates offered to the Organization for debt with similar terms and maturities.

It is the Organization's policy, in general, to measure nonfinancial assets and liabilities at fair value on a nonrecurring basis. These items are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (such as evidence of impairment) which, if material, are disclosed in the accompanying notes to these consolidated financial statements.

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Accounting Standard Adopted in the Current Year

Contributions Received and Contributions Made

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605). Adoption of this standard did not result in a change in the timing or amount of revenue recognized, and therefore the adoption of this standard did not have a material impact on the financial position, results of operations, or business practices of the Organization.

16. Significant Accounting Standards Applicable in Future Years

Revenue Recognition

The FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, (Topic 606) (ASU 2014-09), in May 2014. ASU 2014-09 sets forth a new five-step revenue recognition model that will require the use of more estimates and judgment. ASU 2014-09 will replace current revenue recognition requirements in Topic 605, *Revenue Recognition*, in its entirety. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in prior accounting guidance. ASU 2014-09 is effective for annual financial statements of non-public companies issued for fiscal years beginning after December 15, 2019, and should be applied retrospectively in the year the ASU is first applied using one of two allowable application methods.

ASU 2014-09 is effective for the Organization's September 30, 2021 consolidated financial statements and thereafter. Management is currently evaluating the effect that ASU 2014-09 will have on the Organization's consolidated financial statements.

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. Significant Accounting Standards Applicable in Future Years (Continued)

Leases

The FASB issued ASU 2016-02, *Leases (Topic 842)* (ASU 2016-02), in February 2016. Under ASU 2016-02, lessees will be required to recognize, at commencement date, a lease liability representing the lessee's obligation to make payments arising from the lease and a right-of-use asset representing the lessee's right to use or control the use of a specific asset for a lease term. Under the new guidance, lessor accounting is largely unchanged. ASU 2016-02 was effective for annual financial statements of private companies and not-for-profits issued for fiscal years beginning after December 15, 2021, and will be applied using a modified retrospective approach.

ASU 2016-02 is effective for the Organization's September 30, 2023 consolidated financial statements. Management is currently evaluating the effect that ASU 2016-02 will have on the Organization's consolidated financial statements.

NOTE C - AVAILABILITY AND LIQUIDITY

As of September 30, 2020, the following table shows the total financial assets held by the Organization and the amounts of those financial assets that could be readily made available within one year of the consolidated statement of financial position date to meet general expenditures:

Financial assets at year end:

Cash	\$ 696,986
Investments, at fair value	13,722,117
Receivables	40,122
Contributions receivable	202,844
Assets held in remainder trust	46,888
Beneficial interest in perpetual trust	<u>3,348,702</u>
 Total financial assets	 <u>18,057,659</u>

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE C - AVAILABILITY AND LIQUIDITY (Continued)

Less amounts not available to be used within one year:

Line of credit collateralized by investments	\$ 4,000,000
Financial assets encumbered by donor restrictions (Note I)	<u>8,187,913</u>

Total amounts not available to be used within one year	<u>12,187,913</u>
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Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,869,746</u>
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The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds while abiding by the board approved investment policy. The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures as well as cash on hand at the end of the year. The Organization's primary sources of funding is from contributions, fee income and investment return which may vary from year to year. The Organization also has access to a line of credit in the amount of \$5,994,487 of which \$4,000,000 is outstanding as of September 30, 2020 (Note G).

NOTE D - FAIR VALUE MEASUREMENTS

The accounting standard related to fair value measurements and disclosures establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE D - FAIR VALUE MEASUREMENTS (Continued)

Level 2 - Inputs to the valuation methodology include the following:

- * Quoted prices for similar assets or liabilities in active markets;
- * Quoted prices for identical or similar assets or liabilities in inactive markets;
- * Inputs other than quoted prices that are observable for the asset or liability;
- * Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for the Organization's investments measured at fair value. There have been no changes in the methodologies used as of September 30, 2020 and 2019.

Investment securities: The fair values of common stock funds, fixed income funds, money market funds, and balanced funds are based on quoted market prices.

Assets held in remainder trusts and beneficial interest in perpetual trusts: Fair value for the assets held in charitable remainder unitrusts is determined by subtracting the present value of the future distributions expected to be paid to the beneficiary, calculated using published life expectancy tables and a 3 percent discount rate, from the fair value of the trust assets provided by the trustees. The fair value for the beneficial interest in perpetual trusts is determined based on the fair value of the investments held in the trusts, as provided by the trustees.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE D - FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments, assets held in remainder trust, and beneficial interest in charitable remainder unitrust at fair value as of September 30, 2020. Money market funds as detailed below are included in investments in the consolidated statements of financial position.

	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investment securities				
Money market funds	\$ 50,411	\$ -	\$ -	\$ 50,411
Fixed income funds	1,800,816	-	-	1,800,816
Common stock funds	10,283,081	-	-	10,283,081
Balanced funds	1,587,809	-	-	1,587,809
Investments, at fair value	<u>\$ 13,722,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,722,117</u>
Assets held in remainder trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,888</u>	<u>\$ 46,888</u>
Beneficial interest in perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,348,702</u>	<u>\$ 3,348,702</u>

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Assets Held in Remainder Trusts	Beneficial Interest in Perpetual Trusts	Total
Balance October 1, 2019	\$ 40,316	\$ 3,268,075	\$ 3,308,391
Distribution	-	-	-
Change in value in split interest agreements	6,572	80,627	87,199
Balance September 30, 2020	<u>\$ 46,888</u>	<u>\$ 3,348,702</u>	<u>\$ 3,395,590</u>

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE D - FAIR VALUE MEASUREMENTS (Continued)

The change in values of assets held in remainder trusts and the beneficial interest in perpetual trusts is included in other revenues in the consolidated statements of activities and is related to assets still held as of the consolidated statement of financial position date.

NOTE E - CONTRIBUTIONS RECEIVABLE

Contributions receivable are expected to be received as follows as of September 30, 2020 and represents unconditional promises to give:

Less than one year	\$ 143,000
Between one and five years	<u>60,000</u>
	203,000
Discount to present value	<u>(156)</u>
	202,844
Less current portion	<u>143,000</u>
Long-term contributions receivable	\$ <u><u>59,844</u></u>

Contributions receivable have been reduced by a present value discount of 2.84% as of September 30, 2020.

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of September 30, 2020:

Land	\$ 20,300
Land improvements and parking lot	332,690
Building and building improvements	5,526,388
Furnishings, equipment and software	1,305,104
Equipment under capital lease	<u>105,183</u>
	7,289,665
Less accumulated depreciation	<u>4,559,976</u>
	2,729,689
Construction in process	<u>31,439</u>
	<u>\$ 2,761,128</u>

Depreciation expense totaled \$151,010 for the year ended September 30, 2020.

NOTE G - LINE OF CREDIT

On October 29, 2015, the Organization entered into a revolving line of credit issued by a bank in the amount of \$5,200,477. The line bears interest at the weekly LIBOR rate (0.10% at September 30, 2020) plus 1.50%. The revolving line of credit is payable upon demand. As security for the obligation under the revolving letter of credit, the Foundation has granted a first-priority lien and security interest in its unrestricted investments. Borrowings outstanding on the line of credit were \$4,000,000 as of September 30, 2020. Subsequent to fiscal year-end, the Organization made a payment approximating \$1,900,000 on the line of credit.

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE H - NOTE PAYABLE

In April 2020, the Organization obtained a \$614,881 loan through the United States Small Business Administration's (SBA) Paycheck Protection Program. The loan matures in April 2022, is uncollateralized, and bears interest at 1.0%. For any amounts that are not forgiven, principal and interest payments will begin in equal installments after a deferral period, which is the earlier of Small Business Administration (SBA) determination of forgiveness (or denial of forgiveness) or 10 months after the end of the covered period as defined in the CARES Act.

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of September 30, 2020:

Subject to expenditure for specified purposes:

Daniel Corbett Memorial Fund	\$ 12,645
Building related	75,000
Mark Morton Memorial Fund	75,000
St. Matthews	655
M. Kellen	5,000
Earnings on Schreyer Family Leadership and Mary Ann Jergens Hays Fund	<u>339,424</u>
	<u>507,724</u>

Subject to the passage of time:

Building related	25,000
Assets held in remainder trusts	46,888
Contributions receivable	<u>177,844</u>
	<u>249,732</u>

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Endowments:	
Nursery	\$ 500,000
Post-adoption operations	1,063,333
General	1,250,003
Mary Ann Jergens Hays Fund	135,139
Schreyer Family Leadership Fund	850,000
Alexander Bond Memorial Trust	283,280
	<u>4,081,755</u>
Not subject to spending policy or appropriation:	
Beneficial interest in perpetual trusts	<u>3,348,702</u>
Total net assets with donor restrictions	<u>\$ 8,187,913</u>

Net assets of \$167,630 were released from donor restrictions in fiscal year 2020, by incurring expenses satisfying the restricted program purposes or by satisfaction of the implied time restrictions.

NOTE J - ENDOWMENT NET ASSETS

The Organization's net assets perpetual in nature (endowment fund) consist of six individual funds established to support the nursery, a post-adoption counselor position, and general operations. It includes only donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Illinois Uniform Management of Institutional Funds Act and its successor Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA), as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE J - ENDOWMENT NET ASSETS (Continued)

Endowment net asset compositions by type of fund as of September 30, 2020 is as follows:

	<u>With Donor Restrictions - Purpose</u>	<u>With Donor Restrictions - Perpetual</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 339,424	\$ 4,081,755	\$ 4,421,179

Changes in endowment net assets for the year ended September 30, 2020 are as follows:

	<u>With Donor Restrictions - Purpose</u>	<u>With Donor Restrictions - Perpetual</u>	<u>Total</u>
Endowment net assets, October 1, 2019	\$ 342,319	\$ 4,056,652	\$ 4,398,971
Contributions	-	-	-
Investment income	114,958	-	114,958
Net appreciation	47,384	25,103	72,487
Amounts appropriated for expenditures	<u>(165,237)</u>	<u>-</u>	<u>(165,237)</u>
Endowment net assets, September 30, 2020	<u>\$ 339,424</u>	<u>\$ 4,081,755</u>	<u>\$ 4,421,179</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or law requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, there were no deficiencies of this nature as of September 30, 2020.

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE J - ENDOWMENT NET ASSETS (Continued)

Investment Policy

The Organization has established an investment policy to guide the management of all investment assets of the Organization, including all endowment assets. The goals for the investment fund are to (1) provide a source of funds to support annual operations, and (2) increase the overall purchasing power of the investments through asset growth and income returns. These results will be sought while incurring an acceptable rate of return and, if not attainable in any given year, should be achieved or surpassed over time to the extent of returns in the broad markets. The investments are to be broadly diversified so as to limit the impact of possible losses in individual investments in the total portfolio.

Spending Policies

The Organization has a policy of appropriating for distribution the investment earnings (interest and appreciation) on these funds absent any donor specifications to the contrary. The spending appropriation on certain donor-restricted funds is limited to 5 percent of the specific fund's average fair value over three years, unless extraordinary circumstances apply.

NOTE K - SPECIAL EVENTS

The Organization sponsored the following fundraising events for the year ended September 30, 2020:

	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>
Cradle Ball	\$ 270,526	\$ 101,291	\$ 169,235
Miscellaneous events	<u>7,086</u>	<u>4,200</u>	<u>2,886</u>
	<u>\$ 277,612</u>	<u>\$ 105,491</u>	<u>\$ 172,121</u>

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE L - LEASE COMMITMENTS

Capital Lease

During 2019, the Organization entered into a lease agreement to lease copier equipment and accounts for the lease as a capital lease. The lease requires monthly principal and interest payments of \$1,890 and expires in July 2024. The assets and liabilities under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the shorter of their related lease term or their estimated productive lives. Depreciation of assets under the capital lease is included in depreciation expense for the year ended September 30, 2020.

The following is a summary of equipment held under capital leases as of September 30, 2020:

Equipment	\$ 105,183
Less: Accumulated depreciation	<u>(24,543)</u>
	<u>\$ 80,640</u>

Future lease payments under the capital lease are as follows:

2021	\$ 22,680
2022	22,680
2023	22,680
2024	<u>18,900</u>
	86,940
Less: Amount representing interest	<u>(4,909)</u>
	<u>\$ 82,031</u>

The interest rate on the capital lease is 3.00% percent annually and was imputed based on the lower of the Organization's incremental borrowing rate at the inception of the lease or the lessor's implicit rate of return.

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE L - LEASE COMMITMENTS (Continued)

Operating leases

The Organization maintains operating leases for office space and certain office equipment. The leases have various expiration dates through December 2024. Rental expense for operating leases was \$7,135 for the year ended September 30, 2020.

As of September 30, 2020, future minimum lease payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year are as follows:

2021	\$	5,735
2022		785
2023		785
2024		785
2025		196
	\$	<u>8,286</u>

NOTE M - RETIREMENT PLAN

Effective January 1, 1996, the Organization's Board of Directors approved a 403(b) plan for eligible employees. Employees may elect to defer a portion of their salaries for contributions to the plan. The Organization may make, at their discretion, a contribution at a rate to be determined annually by the Boards of Directors. The discretionary employer matching contribution expense was \$2,313 for the year ended September 30, 2020.

NOTE N - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at one banking institution. These cash balances are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Organization may have balances in excess of FDIC insured deposit limits.

Cradle Adoption Partners, NFP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE O - RISK AND UNCERTAINTY FROM COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations.

In response to the pandemic declaration, the Organization initially closed its office facilities to the public to comply with state and local health and safety standards with its employees working remotely. Management implemented operating adjustments to reflect the health and safety precautions being taken to protect those served by the Organization, as well as the Organization's staff, given the Organization's status as an 'essential service' as defined by the Governors' Executive Order.

As of the date of issuance of these financial statements, the Organization continues to monitor the situation and follow the recommended health and safety laws and guidelines. Management has increased its focus on individual and foundation support in order to cover its expenses while no in-person group gatherings are being held for purposes of fundraising or service delivery.

No impairments were recorded as of the statement of financial position date; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Organization's results of operations, cash flows, investments, and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

NOTE P - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 1, 2021, the date that these consolidated financial statements were available to be issued. Management has determined that no events or transactions, other than mentioned in Note G above, have occurred subsequent to the consolidated statement of financial position date that require additional disclosure in the consolidated financial statements.

SUPPLEMENTAL INFORMATION

Cradle Adoption Partners, NFP
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
September 30, 2020

<u>ASSETS</u>	The Cradle	The Cradle Foundation	Eliminations	Consolidated
CURRENT ASSETS				
Cash	\$ 333,269	\$ 363,717	\$ -	\$ 696,986
Investments, at fair value	-	13,722,117	-	13,722,117
Receivables	40,122	-	-	40,122
Contributions receivable, current portion	-	143,000	-	143,000
Prepaid expenses and other assets	238,996	18,790	-	257,786
Due to/from affiliate	2,681,271	(2,681,271)	-	-
Total current assets	<u>3,293,658</u>	<u>11,566,353</u>	<u>-</u>	<u>14,860,011</u>
NONCURRENT ASSETS				
Long-term contributions receivable, less current portion	-	59,844	-	59,844
Assets held in remainder trust	46,888	-	-	46,888
Beneficial interest in perpetual trust	3,348,702	-	-	3,348,702
Beneficial interest in net assets of the Foundation	7,591,887	-	(7,591,887)	-
Property and equipment, net of accumulated depreciation	2,760,680	448	-	2,761,128
Total noncurrent assets	<u>13,748,157</u>	<u>60,292</u>	<u>(7,591,887)</u>	<u>6,216,562</u>
	<u>\$ 17,041,815</u>	<u>\$ 11,626,645</u>	<u>\$ (7,591,887)</u>	<u>\$ 21,076,573</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Line of credit	\$ -	\$ 4,000,000	\$ -	\$ 4,000,000
Accounts payable	170,206	5,378	-	175,584
Accrued payroll and benefits	73,770	-	-	73,770
Accrued vacation	129,122	10,240	-	139,362
Other accrued expenses	18,074	6,140	-	24,214
Current obligations under capital lease	20,500	-	-	20,500
Deferred revenue	9,390	13,000	-	22,390
Total current liabilities	<u>421,062</u>	<u>4,034,758</u>	<u>-</u>	<u>4,455,820</u>
LONG-TERM DEBT				
Capital lease payable, less current portion	61,531	-	-	61,531
Note payable	614,881	-	-	614,881
Total long-term debt	<u>676,412</u>	<u>-</u>	<u>-</u>	<u>676,412</u>
Total liabilities	<u>1,097,474</u>	<u>4,034,758</u>	<u>-</u>	<u>5,132,232</u>
NET ASSETS				
Without donor restrictions	7,756,428	2,799,564	(2,799,564)	7,756,428
With donor restrictions	8,187,913	4,792,323	(4,792,323)	8,187,913
Total net assets	<u>15,944,341</u>	<u>7,591,887</u>	<u>(7,591,887)</u>	<u>15,944,341</u>
	<u>\$ 17,041,815</u>	<u>\$ 11,626,645</u>	<u>\$ (7,591,887)</u>	<u>\$ 21,076,573</u>

Cradle Adoption Partners, NFP
CONSOLIDATING SCHEDULE OF ACTIVITIES
Year ended September 30, 2020

	Without Donor Restrictions				With Donor Restrictions				Consolidated
	The Cradle	The Cradle Foundation	Eliminations	Total	The Cradle	The Cradle Foundation	Eliminations	Total	
Revenues									
Public support									
Contributions									
Individuals and others	\$ 464	\$ 1,171,647	\$ -	\$ 1,172,111	\$ -	\$ 63,204	\$ -	\$ 63,204	\$ 1,235,315
Special events income	-	277,612	-	277,612	-	-	-	-	277,612
Trusts	154,133	-	-	154,133	-	-	-	-	154,133
Bequests	-	50,000	-	50,000	-	-	-	-	50,000
Donated goods and services	371,394	-	-	371,394	-	-	-	-	371,394
	<u>525,991</u>	<u>1,499,259</u>	<u>-</u>	<u>2,025,250</u>	<u>-</u>	<u>63,204</u>	<u>-</u>	<u>63,204</u>	<u>2,088,454</u>
Program revenue									
Fee income	<u>1,581,673</u>	<u>-</u>	<u>-</u>	<u>1,581,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,581,673</u>
Other revenues (expenses), net									
Interest and dividends	1,910	191,123	-	193,033	-	54,351	-	54,351	247,384
Realized/unrealized net gains (losses) on investments	-	1,247,837	-	1,247,837	-	72,486	-	72,486	1,320,323
Changes in value of split interest agreements and trusts	-	-	-	-	87,200	-	-	87,200	87,200
Administrative Fee	280,914	-	(280,914)	-	-	-	-	-	-
Miscellaneous revenue	<u>11,958</u>	<u>-</u>	<u>-</u>	<u>11,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,958</u>
	<u>294,782</u>	<u>1,438,960</u>	<u>(280,914)</u>	<u>1,452,828</u>	<u>87,200</u>	<u>126,837</u>	<u>-</u>	<u>214,037</u>	<u>1,666,865</u>
Net assets released from restrictions	<u>-</u>	<u>167,630</u>	<u>-</u>	<u>167,630</u>	<u>-</u>	<u>(167,630)</u>	<u>-</u>	<u>(167,630)</u>	<u>-</u>
Total revenues	<u>2,402,446</u>	<u>3,105,849</u>	<u>(280,914)</u>	<u>5,227,381</u>	<u>87,200</u>	<u>22,411</u>	<u>-</u>	<u>109,611</u>	<u>5,336,992</u>

(Continued)

Cradle Adoption Partners, NFP
CONSOLIDATING SCHEDULE OF ACTIVITIES (Continued)
Year ended September 30, 2020

	Without Donor Restrictions				With Donor Restrictions				Consolidated
	The Cradle	The Cradle Foundation	Eliminations	Total	The Cradle	The Cradle Foundation	Eliminations	Total	
Expenses									
Program services									
Social service	\$ 1,434,502	\$ -	\$ -	\$ 1,434,502	\$ -	\$ -	\$ -	\$ -	\$ 1,434,502
Nursery	716,950	-	-	716,950	-	-	-	-	716,950
Outreach and Communications	1,110,920	-	-	1,110,920	-	-	-	-	1,110,920
Our Children	111,320	-	-	111,320	-	-	-	-	111,320
Adoption Learning Partners	410,029	-	-	410,029	-	-	-	-	410,029
	<u>3,783,721</u>	<u>-</u>	<u>-</u>	<u>3,783,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,783,721</u>
Supporting services									
Management and general	989,038	404,312	(280,914)	1,112,436	-	-	-	-	1,112,436
Fundraising-other	-	421,917	-	421,917	-	-	-	-	421,917
Fundraising-special events	-	105,492	-	105,492	-	-	-	-	105,492
	<u>989,038</u>	<u>931,721</u>	<u>(280,914)</u>	<u>1,639,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,639,845</u>
Total expenses	<u>4,772,759</u>	<u>931,721</u>	<u>(280,914)</u>	<u>5,423,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,423,566</u>
CHANGE IN NET ASSETS	(2,370,313)	2,174,128	-	(196,185)	87,200	22,411	-	109,611	(86,574)
Net assets, beginning of year	7,952,613	3,170,436	(3,170,436)	7,952,613	8,078,302	4,769,912	(4,769,912)	8,078,302	16,030,915
Distributions	-	(2,545,000)	2,545,000	-	-	-	-	-	-
Change in beneficial interest in net assets of the Foundation	2,174,128	-	(2,174,128)	-	22,411	-	(22,411)	-	-
Net assets, end of year	<u>\$ 7,756,428</u>	<u>\$ 2,799,564</u>	<u>\$ (2,799,564)</u>	<u>\$ 7,756,428</u>	<u>\$ 8,187,913</u>	<u>\$ 4,792,323</u>	<u>\$ (4,792,323)</u>	<u>\$ 8,187,913</u>	<u>\$ 15,944,341</u>