ADOPTION NETWORK CLEVELAND

Financial Statements
September 30, 2020

Cohen & Co

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ADOPTION NETWORK CLEVELAND, INC.

SEPTEMBER 30, 2020

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Cohen & Co

Independent Accountants' Review Report

Board of Directors
Adoption Network Cleveland, Inc.

We have reviewed the accompanying financial statements of Adoption Network Cleveland, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Cohen & Company Ltd.

Cleveland, Ohio
February 16, 2021

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2020

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$	856,319
Grants, contributions, and accounts receivable		160,324
Prepaid expenses and other current assets		28,484
		1,045,127
PROPERTY AND EQUIPMENT - AT COST		
Furniture and equipment		207,757
Leasehold improvements		21,669
Software		37,439
		266,865
Less: Accumulated depreciation and amortization		236,066
		30,799
OTHER ASSETS		
Funds held by others		1,203,764
Contributions receivable - Long-term		30,000
Deposits		24,245
		1,258,009
	$	2,333,935

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	$	9,302
Accrued expenses		66,673
		75,975
COMMITMENTS		
NET ASSETS		
Without donor restrictions		716,495
With donor restrictions		1,541,465
		2,257,960
	$	2,333,935

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

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants	143,802	$ 230,570	$ 374,372
Membership dues	10,273		10,273
Contributions	456,447	40,750	497,197
Special events	51,190		51,190
In-kind revenue	17,913		17,913
Program revenue	4,639		4,639
Interest income	1,713		1,713
Change in fair value of funds held by others - Net		82,059	82,059
Other	4,132		4,132
Net assets released from restrictions	223,215	(223,215)	
	913,324	130,164	1,043,488
EXPENSES			
Services for Family & Youth	391,191		391,191
Services for Adult Adoptees & Birthparents	103,437		103,437
Education & Community Outreach	59,641		59,641
Advocacy & Public Policy	42,181		42,181
Total program services	596,450		596,450
General and administrative	123,041		123,041
Development	147,630		147,630
Total supporting services	270,671		270,671
	867,121		867,121
CHANGE IN NET ASSETS	46,203	130,164	176,367
NET ASSETS - BEGINNING OF YEAR	670,292	1,411,301	2,081,593
NET ASSETS - END OF YEAR	$ 716,495	$ 1,541,465	$ 2,257,960

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2020

	Services for Family & Youth & Youth	Services for Adult Adoptees & Birthparents	Education & Community Outreach	Advocacy & Public Policy	Total Program Services	Supporting Services General and Administrative	Supporting Services Development	Total Supporting Services	Total
PERSONNEL COSTS									
Salaries and wages	$ 258,174	$ 73,257	$ 28,144	$ 22,640	$ 382,215	$ 86,774	$ 90,813	$ 177,587	$ 559,802
Employee fringe benefits	36,757	5,985	1,706	3,649	48,097	10,933	8,149	19,082	67,179
Payroll taxes	18,952	5,462	2,104	1,633	28,151	6,193	6,784	12,977	41,128
	313,883	84,704	31,954	27,922	458,463	103,900	105,746	209,646	668,109
OTHER EXPENSES									
Conferences, conventions, meetings	458	372	26	2	858	359	241	600	1,458
Equipment	2,985	725	1,060	88	4,858	116	644	760	5,618
Other	2,401	573	831	73	3,878	419	883	1,302	5,180
Insurance	3,551	865	1,265	105	5,786	575	773	1,348	7,134
Membership dues	1,766	981	454	41	3,242	202	675	877	4,119
Miscellaneous						95		95	95
Occupancy	28,013	6,798	9,946	825	45,582	4,515	6,073	10,588	56,170
Postage and shipping	199	59	55	5	318	152	2,103	2,255	2,573
Printing and publication	54	38	19	2	113		71	71	184
Professional fees and consulting	18,746	4,329	6,374	12,548	41,997	10,376	3,902	14,278	56,275
Rental and maintenance of equipment	1,955	501	793	50	3,299	281	825	1,106	4,405
Special events			2,106		2,106		18,713	18,713	20,819
Supplies	4,934	563	606	21	6,124	152	4,220	4,372	10,496
Telephone	4,241	1,026	1,501	125	6,893	681	917	1,598	8,491
Travel and reimbursable expenses	512	94	5	154	765	18	227	245	1,010
	69,815	16,924	25,041	14,039	125,819	17,941	40,267	58,208	184,027
Total before depreciation and amortization	383,698	101,628	56,995	41,961	584,282	121,841	146,013	267,854	852,136
Depreciation and amortization	7,493	1,809	2,646	220	12,168	1,200	1,617	2,817	14,985
	$ 391,191	$ 103,437	$ 59,641	$ 42,181	$ 596,450	$ 123,041	$ 147,630	$ 270,671	$ 867,121

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

STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2020

CASH FLOW PROVIDED FROM OPERATING ACTIVITIES	
Change in net assets	$ 176,367
Noncash items included in activities:	
Depreciation and amortization	14,985
Change in fair value of funds held by others	(82,059)
Increase (decrease) in cash and cash equivalents caused by changes in current items:	
Grants, contributions, and accounts receivable	(24,612)
Prepaid expenses and other current assets	(4,508)
Accounts payable	2,106
Accrued expenses	8,430
Net cash flow provided from operations	90,709
CASH FLOW PROVIDED FROM INVESTING ACTIVITIES	
Disbursements from funds held by others	42,809
Purchases of property and equipment	(2,000)
Decrease in deposits	319
	41,128
INCREASE IN CASH AND CASH EQUIVALENTS	131,837
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	724,482
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 856,319

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

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION

Adoption Network Cleveland, Inc. (the Network) was incorporated under the not-for-profit laws of the State of Ohio.

The Network connects and empowers individuals, organizations, and communities impacted by adoption and foster care and provides a source of healing for those in need.

The Network accomplishes this mission by:

- Creating a safe place for those touched by adoption and foster care to pursue personal empowerment. This includes but is not limited to: adoptees, birthparents, adoptive and prospective adoptive parents, youth in foster care, foster parents, and siblings.
- Providing opportunities for peer support and education for those touched by adoption and foster care and the professionals who serve them.
- Developing and advocating for best practices in adoption practice, policy, and law.
- Creating and implementing high quality programs and services based on best practices in the field.
- Convening and leading public-private partnerships and promoting progressive system change.
- Promoting public awareness and social change regarding adoption and foster care issues throughout the broader community.
- Creating possibility through promoting openness, cooperation, and collaboration in adoption and foster care.

A description of the Network's program services are as follows:

The Services for Family & Youth provides guidance, services, and support for prospective and current adoptive, foster, and kinship families to address the unique challenges they face, build resilience, and create lasting permanency for their children. Among the services are telephone and in-person support from the program staff, as well as monthly gatherings and workshops, a mediation program to help families reach agreements on child placements, and overall family support for transracial adoption, educational guidance, mentorship programs, and permanency navigation.

The Services for Adult Adoptees & Birthparents provides information, support, and education for all members of the adoption triad (adoptees, birthparents, adoptive parents, siblings, and others). These services include a telephone helpline, support and discussion groups across the state of Ohio, assistance in hundreds of adoptee-birth family searches, a ceremony honoring birthmothers on Mother's Day weekend, a private Facebook group, lending library, and other support opportunities. Due to the pandemic, the ceremony honoring birthmother on Mother's Day weekend did not take place in May 2020.

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION (Continued)

Education & Community Outreach creates a community for professional training, community education, development, and collaboration for all of those who work with and care for the adoption and foster care population. These services include adoption assessor training, a college scholars program, the Monday Evening Speaker series, and education and community resources. The in-person March 20-21, 2020 conference was postponed due to the pandemic and rescheduled in a virtual format in collaboration with Adoption Knowledge Affiliates in October 2020.

Advocacy & Public Policy includes activities to effectuate changes in public policy governing adoption, foster care, and related child welfare in Ohio. This includes laws, agency practices, and societal attitudes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition and Adoption of New Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 606, *Revenue from Contracts with Customers*) which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue guidance in U.S. generally accepted accounting principles (GAAP). The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 is effective for annual reporting periods beginning after December 15, 2018, however the FASB issued Accounting Standards Update (ASU) 2020-05 in June 2020, which deferred the effective date for annual reporting periods beginning after December 31, 2019, for certain entities that had not yet issued financial statements reflecting the adoption of ASC 606 upon issuance of the ASU. The Network adopted the provisions of ASC 606 using the modified retrospective approach on October 1, 2019. The adoption of ASC 606 did not have a material impact on the Network's financial statements, although the financial statement disclosures have changed. See Note 9 for further discussion regarding the transition method.

The Network has also adopted ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958), which is effective for annual periods beginning after December 15, 2018, for resource recipients. The ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The ASU clarifies how a not-for-profit organization determines whether a resource provider is participating in an exchange transaction. ASU 2018-08, defines a contribution as "an unconditional transfer of cash or other assets, as well as unconditional promises to give, to an entity, or a reduction, settlement, or cancellation of its liabilities in a voluntary nonreciprocal transfer by another entity acting other than as an owner." Thus, the transfer of assets or settlement of liabilities must be both voluntary and nonreciprocal to be a contribution. These characteristics distinguish contributions from exchange transactions, which are reciprocal transfers in which each party receives and sacrifices approximate commensurate value. Contributions are accounted for within the scope of ASC Topic 958, while exchange transactions are recognized as revenue under ASC 606 when performance obligations are satisfied.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Adoption of New Accounting Pronouncement (continued)

The Network adopted ASU 2018-08 on a modified prospective basis. Under the modified prospective basis, the Network applied ASU 2018-08 to contracts that were not completed as of October 1, 2019, and entered into after October 1, 2019. Prior-period financial information was not restated.

Revenue From Contracts with Customers

Concurrent with the adoption of ASC 606, the Network has elected to apply certain practical expedients available to nonprofit organizations with respect to disclosure requirements.

The Network's revenue from contracts with customers consist primarily of program fees and membership dues. Revenue for these fees is reported in the statement of activities and is immaterial for the year ended September 30, 2020.

Contribution Revenue

The Network recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. At September 30, 2020, the Network had no conditional promises to give for which the conditions had not been met. All donor-restricted support that was initially a conditional contribution and for which the donor-imposed conditions and restrictions are met in the same reporting period are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Included in contributions on the 2020 statement of activities is a $130,900 contribution. This contribution is related to a loan pursuant to the Paycheck Protection Program (the PPP Loan), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, from Citizens Bank, that the Network received on April 14, 2020. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Network's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program. Permitted expenses include certain payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Network. The Network intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. Management considers the bank and SBA approval of forgiveness to be administrative requirements and not a barrier. To the extent that the PPP Loan is not forgiven, the Network will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and principal and interest payments will be required through the maturity date in April 2022. During the year ended September 30, 2020, the Network has recognized $130,900 of revenue upon meeting the performance requirements of the PPP Loan.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Adoption of New Accounting Pronouncement (continued)

Contribution Revenue (continued)

A portion of the Network's revenue is derived from cost-reimbursable county grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Network has incurred expenditures in compliance with specific grant provisions. The Network received cost-reimbursable grants of up to $139,702 that have not been recognized at September 30, 2020, because qualifying expenditures have not yet been incurred.

Concentrations

A significant portion of the Network's revenue is received from grants and contributions. For the year ending September 30, 2020, revenue from two donors amounted to approximately 30% of total revenue and support. In addition, the amount due at September 30, 2020, from those donors amounted to approximately 95% of the Network's total receivables.

Receivables and Credit Policies

Receivables include amounts due for program service fees, grants, and contributions. These amounts are due under various payment terms and do not accrue interest.

The carrying amount of grants, contributions, and accounts receivable are reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all receivable balances that exceed 90 days from invoice date and estimates the portion, if any, of the balance that will not be collected. Additionally, management estimates an allowance for the aggregate remaining receivables based on historical collectability. When a balance is deemed to be uncollectible, it is written off against the allowance for doubtful accounts. At September 30, 2020, all receivables were considered collectible and no allowance was necessary.

Cash and Cash Equivalents

The Network considers all highly liquid investments with original maturities of three months or less at the date of purchase to be cash and cash equivalents. The Network maintains its cash and cash equivalents in accounts with various financial institutions, which, at times, may exceed federally insured limits. The Network has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost when purchased or at fair value at the time of donation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	3 - 5 years
Leasehold improvements	Term of lease
Software	5 years

Funds Held by Others

Funds held by others are valued, as a practical expedient, at the fair value of the Network's share of the Cleveland Foundation's investment pool as of the measurement date. The Cleveland Foundation (the Foundation) values securities and other financial instruments on a fair value basis of accounting. Realized and unrealized gains and losses and net investment income are reported in the statement of activities as the change in fair value of funds held by others. Interest and dividends are recognized as revenue in the period they are earned, and gains and losses are recognized as changes in net assets in the accounting periods in which they occur. The change in fair value of the funds held by others are reported as increases or decreases in net assets with donor restrictions, as the original gift from which the fund was created was part of the Network's endowment.

Donated Materials and Services

During 2020, the Network received $17,913 of donated goods and services with respect to its programs. These in-kind goods and services have been recorded at fair value on the dates of contribution and are included in the statement of activities.

Functional Allocation of Expenses

The statement of activities and functional expenses report certain categories of expenses that are attributable to more than one program or supporting function. Therefore these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated includes occupancy, which is allocated on a square footage basis. All other expenses, except those relating to special events, are allocated on the basis of estimates of time and effort.

Income Taxes

The Network is an Ohio non-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Network accounts for income taxes in accordance with GAAP, which require recognition of and disclosures related to uncertain tax positions. As of and during the year ended September 30, 2020, the Network did not have a liability for unrecognized tax benefits.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Accounting Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

Subsequent Events

Management has evaluated subsequent events through February 16, 2021, the date the financial statements were available to be issued.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of the Network's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Network invests cash in excess of daily requirements in cash equivalents. To help manage unanticipated liquidity needs, the Board of Directors is able to appropriate funds from the donor restricted funds held by others, if deemed necessary.

The Network's financial assets available to meet cash needs for general expenditures within one year were as follows at September 30, 2020:

Cash and cash equivalents	$ 856,319
Grants, contributions, and accounts receivable	160,324
Fund held by others	1,203,764
Total financial assets, at year end	2,220,407
Less: Amounts unavailable for general expenditures within one year, due to:	
Contractual or donor imposed restrictions:	
Investments in perpetuity (including amounts above gift amounts of $790,509) which, once appropriated, are expendable to support:	(1,203,764)
Add back amount appropriated for following year	56,000
Total financial assets available to meet cash needs for general expenditures within one year	$ 1,072,643

NOTES TO THE FINANCIAL STATEMENTS

4. FUNDS HELD BY OTHERS

The Network established an endowment known as the Adoption Network Cleveland Endowment Fund (the Fund) and is part of the Network's donor restricted endowment (see Note 7).

The Foundation invests the funds in equities, fixed income, and cash equivalents. Annual distributions from the Fund will be based on the fair value of the Fund. Amounts are calculated on January 1 each year. The Network can make requests to draw funds in addition to the annual distributions, such requests for additional distributions are subject to approval by a voting majority of the members of the executive committee of the Network's Board of Directors. These investments had a value of $1,203,764 at September 30, 2020.

5. RETIREMENT PLAN

The Network maintains a non-contributory 403(b) retirement plan which provides benefits for all employees working 20 hours or more per week. The amount of the contribution is 2% of gross salaries. This contribution is made quarterly. Contributions for the year ended September 30, 2020 amounted to $11,483.

6. COMMITMENTS

Operating Leases

The Network leases equipment and office space under operating leases expiring through 2025. Minimum annual rentals are as follows:

Year ending September 30,	
2021	$ 50,892
2022	52,310
2023	52,667
2024	51,964
2025	17,479
	$ 225,312

Rent expense amounted to $50,474 for the year ended September 30, 2020.

NOTES TO THE FINANCIAL STATEMENTS

7. ENDOWMENT

The Network's endowment funds consist of contributions received from the Skirball Foundation, the endowment campaign, and other various donor-restricted funds for which the principal remains in perpetuity. Net income of the funds is to be used for innovative programs relating to adoption of children in Ohio, in addition to its support for and programs originating from the Adopt Cuyahoga's Kids Initiative.

The Board of Directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 Network classifies as net assets with donor restrictions not subject to appropriation or expenditure (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. The remaining portion of the donor-restricted endowment fund that is classified as net assets with donor restrictions will be released from restrictions when those amounts are appropriated for expenditure by the Network in a manner consistent with the standard of prudence prescribed by SPMIFA.

The endowment funds are operating under the investment policy of the Network. That policy's objective is the preservation of capital and appreciation of principal on an inflation-adjusted basis, while supporting the Network's activities. The assets in the Fund are to be invested at the discretion of the investment manager. The Finance Committee of the Network, as authorized by the Board of Directors, is responsible for the delegation of the discretionary investment responsibility to the investment manager. The funds are invested in equities, fixed income, and cash equivalents.

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or the SPMIFA requires the Network to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occur and appropriation for certain programs deemed prudent by the Board of Directors. The Network has a policy that permits spending from underwater endowments depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. Underwater endowments are included in net assets with donor restrictions.

The endowment by net asset composition by fund at September 30, 2020, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor designated endowment fund	$	$ 1,203,764	$ 1,203,764

NOTES TO THE FINANCIAL STATEMENTS

7. ENDOWMENT (Continued)

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

	With Donor Restrictions
Endowment net assets - October 1, 2019	$ 1,164,514
Investment return:	
Change in value of funds held by others	82,059
Disbursements from funds held by others	(42,809)
Endowment net assets - September 30, 2020	$ 1,203,764

8. NET ASSETS

Net Assets with Donor Restrictions

The Network's net assets with donor restrictions are restricted for the following purposes or periods at September 30, 2020:

Subject to expenditure or appropriation for specified purpose:	
Family Hub	$ 42,000
Foster Youth & Alumni Hub	22,570
Professional & Stakeholder Hub	22,381
	86,951
Subject to the passage of time	250,750
Subject to Network spending policy and appropriation:	
Investments in perpetuity (including amounts above gift amounts of $790,509) which, once appropriated, are expendable to support:	1,203,764
Total net assets with donor restrictions	$ 1,541,465

Net Assets without Donor Restrictions

The Network's net assets without donor restrictions is comprised of undesignated net assets of $716,495 at September 30, 2020.

NOTES TO THE FINANCIAL STATEMENTS

9. REVENUES

Disaggregation of Revenue

The Network disaggregates revenue based on the type of service provided to families. The accompanying statement of activities shows those disaggregated revenue streams for the year ended September 30, 2020. The amount recognized under ASC 606 is immaterial to the accompanying financial statements as a whole.

Modified Retrospective Transition Method

As discussed in Note 2, the Network adopted the requirements of ASC 606 as of October 1, 2019, utilizing a modified retrospective method of transition, which results in recognizing the cumulative effect of initially applying the new guidance as an adjustment to the opening balance of net assets at October 1, 2019.

As part of the adoption of ASC 606, the Network elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

The adoption of ASC 606 did not have a significant impact on the Network's financial position, change in its net asset, or cash flows for the year ended September 30, 2020, or to opening balance of net assets at October 1, 2019. Based on the Network's evaluation of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard.

10. UNCERTAINTY

Subsequent to year-end, the United States and global markets experienced significant volatility in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The Network is closely monitoring their investment portfolio and its liquidity and are actively working to minimize the impact of these declines. These financial statements do not include adjustments to fair value that have resulted from these potential declines.