

North American Council on Adoptable Children, Inc.

St. Paul, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
December 31, 2016 and 2015



CERTIFIED PUBLIC ACCOUNTANTS

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Carpenter Evert & Associates

Certified Public Accountants

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Independent Auditor's Report

Board of Directors
North American Council on Adoptable Children, Inc.
St. Paul, Minnesota

We have audited the accompanying financial statements of North American Council on Adoptable Children, Inc., which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, functional expense, and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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 financial statements referred to above present fairly, in all material respects, the financial position of North American Council on Adoptable Children, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Carpenter Evert and Associates, Ltd.

Certified Public Accountants

Minneapolis, Minnesota
May 3, 2017

NORTH AMERICAN COUNCIL ON ADOPTABLE CHILDREN, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue:						
Contributions	\$ 658,245	\$ 12,322	\$ 670,567	\$ 665,671	\$ 29,163	\$ 694,834
Government Grants and Contracts	233,710	-	233,710	179,143	-	179,143
Other Contracts and Grants	112,312	-	112,312	97,344	-	97,344
Conference	247,305	-	247,305	259,251	-	259,251
Memberships	52,340	-	52,340	52,608	-	52,608
Other Income	19,403	-	19,403	4,279	-	4,279
Net Assets Released from Restrictions:						
Satisfaction of Program Restrictions	20,752	(20,752)	-	28,832	(28,832)	-
Total Support and Revenue	<u>1,344,067</u>	<u>(8,430)</u>	<u>1,335,637</u>	<u>1,287,128</u>	<u>331</u>	<u>1,287,459</u>
Expense:						
Program Services:						
Policy Education and Advocacy	18,654	-	18,654	28,887	-	28,887
Public Education	221,235	-	221,235	241,909	-	241,909
Adoption Subsidy Resource Center	78,755	-	78,755	88,014	-	88,014
AdoptUSKids Family Support	76,615	-	76,615	66,005	-	66,005
Community Champions Network	247,579	-	247,579	267,755	-	267,755
Adoption Support Network	217,657	-	217,657	164,889	-	164,889
Advocates for Families First	216,524	-	216,524	219,733	-	219,733
Critical Ongoing Family Education	8,046	-	8,046	-	-	-
Total Program Services	<u>1,085,065</u>	<u>-</u>	<u>1,085,065</u>	<u>1,077,192</u>	<u>-</u>	<u>1,077,192</u>
Support Services:						
Management and General	92,232	-	92,232	186,955	-	186,955
Fundraising	68,891	-	68,891	63,102	-	63,102
Total Support Services	<u>161,123</u>	<u>-</u>	<u>161,123</u>	<u>250,057</u>	<u>-</u>	<u>250,057</u>
Total Expense	<u>1,246,188</u>	<u>-</u>	<u>1,246,188</u>	<u>1,327,249</u>	<u>-</u>	<u>1,327,249</u>
Change in Net Assets	97,879	(8,430)	89,449	(40,121)	331	(39,790)
Net Assets - Beginning of Year	1,323	61,686	63,009	41,444	61,355	102,799
Net Assets - End of Year	<u>\$ 99,202</u>	<u>\$ 53,256</u>	<u>\$ 152,458</u>	<u>\$ 1,323</u>	<u>\$ 61,686</u>	<u>\$ 63,009</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

NORTH AMERICAN COUNCIL ON ADOPTABLE CHILDREN, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARATIVE TOTALS FOR 2015

	2016									
	Program Services									
	Policy Education & Advocacy	Public Education	Adoption Subsidy Resource Center	AdoptUSKids Family Support	Community Champions Network	Adoption Support Network	Advocates For Families First	Critical Ongoing Family Education	Total Program Services	
Salaries	\$ 10,853	\$ 83,251	\$ 54,434	\$ 58,015	\$ 101,614	\$ 140,447	\$ 61,209	\$ 5,973	\$ 515,796	
Employee Benefits	970	10,563	7,510	5,222	11,594	13,916	9,000	743	59,518	
Payroll Taxes	887	7,305	5,455	4,478	9,815	14,534	4,969	321	47,764	
Total Personnel Costs	12,710	101,119	67,399	67,715	123,023	168,897	75,178	7,037	623,078	
Contract Services	139	10,927	198	205	19,533	12,359	112,141	53	155,555	
Travel	1,502	6,634	3,973	4,491	60,472	2,317	20,780	-	100,169	
Event & Training	-	52,889	-	-	29,352	17,465	3,984	-	103,690	
Occupancy and Insurance	661	8,359	5,329	2,398	11,513	9,209	2,101	900	40,470	
Miscellaneous Expense	3,001	17,527	186	15	573	405	489	3	22,199	
Supplies	22	5,241	245	107	1,255	3,959	167	53	11,049	
Postage	-	5,888	29	553	248	132	41	-	6,891	
Printing and Copying	-	6,650	-	-	-	557	214	-	7,421	
Telephone	106	839	905	998	1,124	1,597	1,395	-	6,964	
Bank Fees	-	4,664	-	-	-	141	-	-	4,805	
Equipment Rental and Maintenance	13	498	491	133	486	619	34	-	2,274	
Bad Debt Expense	500	-	-	-	-	-	-	-	500	
Total Expense	\$ 18,654	\$ 221,235	\$ 78,755	\$ 76,615	\$ 247,579	\$ 217,657	\$ 216,524	\$ 8,046	\$ 1,085,065	

The accompanying Notes to Financial Statements
are an integral part of this statement.

NORTH AMERICAN COUNCIL ON ADOPTABLE CHILDREN, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARATIVE TOTALS FOR 2015

	2016					2015
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 515,796	\$ 38,822	\$ 47,289	\$ 86,111	\$ 601,907	\$ 626,106
Employee Benefits	59,518	4,689	4,576	9,265	68,783	71,240
Payroll Taxes	47,764	6,586	4,837	11,423	59,187	64,450
Total Personnel Costs	<u>623,078</u>	<u>50,097</u>	<u>56,702</u>	<u>106,799</u>	<u>729,877</u>	<u>761,796</u>
Contract Services	155,555	11,954	2,187	14,141	169,696	204,370
Travel	100,169	16,264	-	16,264	116,433	137,750
Event and Training	103,690	510	279	789	104,479	97,381
Occupancy and Insurance	40,470	4,031	2,156	6,187	46,657	47,355
Miscellaneous Expense	22,199	4,916	3,052	7,968	30,167	21,369
Supplies	11,049	1,034	594	1,628	12,677	11,755
Postage	6,891	618	1,587	2,205	9,096	11,961
Printing and Copying	7,421	110	516	626	8,047	10,452
Telephone	6,964	387	266	653	7,617	7,023
Bank Fees	4,805	40	965	1,005	5,810	5,406
Equipment Rental						
and Maintenance	2,274	740	587	1,327	3,601	10,631
Bad Debt Expense	500	1,531	-	1,531	2,031	-
Total Expense	<u>\$ 1,085,065</u>	<u>\$ 92,232</u>	<u>\$ 68,891</u>	<u>\$ 161,123</u>	<u>\$ 1,246,188</u>	<u>\$ 1,327,249</u>

The accompanying Notes to Financial Statements
are an integral part of this statement.

NORTH AMERICAN COUNCIL ON ADOPTABLE CHILDREN, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services										Total Program Services
	Policy Education & Advocacy	Public Education	Adoption Subsidy Resource Center	AdoptUSKids Family Support	Community Champions Network	Adoption Support Network	Advocates For Families First				
Salaries	\$ 11,958	\$ 90,015	\$ 58,183	\$ 46,053	\$ 102,440	\$ 109,025	\$ 83,343				\$ 501,017
Employee Benefits	878	11,279	7,748	3,016	9,653	16,030	12,132				60,736
Payroll Taxes	1,170	9,821	6,142	5,339	10,989	11,258	6,801				51,520
Total Personnel Costs	14,006	111,115	72,073	54,408	123,082	136,313	102,276				613,273
Contract Services	8,477	24,412	96	283	31,774	7,517	101,485				174,044
Travel	1,748	10,049	7,229	4,859	73,344	1,487	11,711				110,427
Event & Training	-	59,942	-	500	23,697	7,427	181				91,747
Occupancy and Insurance	771	8,309	5,804	4,262	9,821	7,213	1,819				37,999
Miscellaneous Expense	3,653	658	185	8	839	225	686				6,254
Supplies	10	5,539	452	353	2,450	1,507	271				10,582
Postage	33	7,756	36	15	349	88	109				8,386
Printing and Copying	40	7,807	-	-	-	90	174				8,111
Telephone	140	674	885	571	1,617	1,111	742				5,740
Bank Fees	-	4,153	-	-	-	-	-				4,153
Equipment Rental and Maintenance	9	1,495	1,254	746	782	1,911	279				6,476
Bad Debt Expense	-	-	-	-	-	-	-				-
Total Expense	\$ 28,887	\$ 241,909	\$ 88,014	\$ 66,005	\$ 267,755	\$ 164,889	\$ 219,733				\$ 1,077,192

The accompanying Notes to Financial Statements are an integral part of this statement.

NORTH AMERICAN COUNCIL ON ADOPTABLE CHILDREN, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Support Services</u>				
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services
Salaries	\$ 501,017	\$ 88,672	\$ 36,417	\$ 125,089	\$ 626,106
Employee Benefits	60,736	8,258	2,246	10,504	71,240
Payroll Taxes	51,520	8,984	3,946	12,930	64,450
Total Personnel Costs	613,273	105,914	42,609	148,523	761,796
Contract Services	174,044	29,972	354	30,326	204,370
Travel	110,427	27,323	-	27,323	137,750
Event and Training	91,747	742	4,892	5,634	97,381
Occupancy and Insurance	37,999	5,570	3,786	9,356	47,355
Miscellaneous Expense	6,254	10,649	4,466	15,115	21,369
Supplies	10,582	1,012	161	1,173	11,755
Postage	8,386	282	3,293	3,575	11,961
Printing and Copying	8,111	-	2,341	2,341	10,452
Telephone	5,740	1,043	240	1,283	7,023
Bank Fees	4,153	1,018	235	1,253	5,406
Equipment Rental and Maintenance	6,476	3,430	725	4,155	10,631
Bad Debt Expense	-	-	-	-	-
Total Expense	\$ 1,077,192	\$ 186,955	\$ 63,102	\$ 250,057	\$ 1,327,249

The accompanying Notes to Financial Statements
are an integral part of this statement.

NORTH AMERICAN COUNCIL ON ADOPTABLE CHILDREN, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash	\$ 298,920	\$ 166,875
Contracts Receivable	12,613	6,937
Accounts Receivable	7,015	13,374
Prepaid Expenses	21,273	34,047
Total Current Assets	<u>339,821</u>	<u>221,233</u>
Long-term Assets:		
Security Deposit	<u>1,575</u>	<u>1,575</u>
 TOTAL ASSETS	 <u>\$ 341,396</u>	 <u>\$ 222,808</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 7,035	\$ 980
Accrued Vacation	21,784	18,001
Unearned Membership Income	18,194	19,496
Refundable Advances	126,592	104,005
Total Current Liabilities	<u>173,605</u>	<u>142,482</u>
Long-term Liabilities:		
Unearned Membership Income	<u>15,333</u>	<u>17,317</u>
Total Liabilities	<u>188,938</u>	<u>159,799</u>
Net Assets:		
Unrestricted	99,202	1,323
Temporarily Restricted	53,256	61,686
Total Net Assets	<u>152,458</u>	<u>63,009</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 341,396</u>	 <u>\$ 222,808</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

NORTH AMERICAN COUNCIL ON ADOPTABLE CHILDREN, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>Increase (Decrease) in Cash</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 89,449	\$ (39,790)
Total Adjustments	<u>42,596</u>	<u>(63,662)</u>
Net Cash Provided (Used) by Operating Activities	132,045	(103,452)
Cash Flows from Investing Activities:		
None	<u>-</u>	<u>-</u>
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash	132,045	(103,452)
Cash - Beginning of Year	<u>166,875</u>	<u>270,327</u>
Cash - End of Year	<u>\$ 298,920</u>	<u>\$ 166,875</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

NORTH AMERICAN COUNCIL ON ADOPTABLE CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. Summary of Significant Accounting Policies

Organizational Purpose

North American Council on Adoptable Children, Inc. (NACAC) is a nonprofit organization incorporated in 1975 to promote and support permanent families for children and youth in the U.S. and Canada who have been in care – especially those with special needs.

NACAC's programs are as follows:

Policy Education and Advocacy – Researches and analyzes policy issues that affect foster children and adoptive families, works to improve the child welfare system to better serve families and children, provides technical assistance to parent groups, and raises awareness about the results of policies.

Public Education – Publishes and distributes adoption-related materials, including *Adopttalk* newsletter; hosts an annual educational conference; trains parents and professionals on a variety of adoption-related issues; raises awareness about the need for families for foster children; and answers inquiries about adoption.

Adoption Subsidy Resource Center – Researches the adoption assistance available to children adopted from the foster care system and shares information about benefits with families, policy makers, and social workers through fact sheets, state subsidy profiles, and training.

AdoptUSKids Family Support – Develops materials and resources and offers training and technical assistance to enhance support services offered to adoptive, foster, and kinship families.

Community Champions Network – Builds leadership and develops coalitions in communities in the U.S. and Canada that advocate for additional post-adoption services for families in their communities. Identifies and supports youth and parent leaders to create support and advocacy services for their peers.

Adoption Support Network – Provides support to adoptive parents across Minnesota. The program provides services for families raising children with special needs, helps reduce families' isolation, increases their ability to meet their children's needs, increases families' stability, and prevents adoption disruptions.

Advocates for Families First — A collaboration with the National Foster Parent Association and Generations United to advocate for foster, adoptive, and kinship care families and support the organizations in the states that serve these families. The goal is to improve children's chances of receiving supported care in a family—foster, kinship, or adoptive—when they cannot remain safely at home.

CORE (Critical Ongoing Resource Family Education) – NACAC, as part of a collaboration led by Spaulding for Children, gathered information through surveys and interviews from foster, adoptive, and kinship parents and young people who experienced foster care about the key knowledge, skills, and competencies needed by foster, adoptive, and kinship families.

NORTH AMERICAN COUNCIL ON ADOPTABLE CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. Summary of Significant Accounting Policies (continued)

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to NACAC, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restriction. A description of the groupings is as follows:

Unrestricted Net Assets – Net assets which are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Furniture and equipment is reported as part of unrestricted net assets.

Temporarily Restricted Net Assets – Net assets of an organization resulting from contributions and other inflows of assets whose use by NACAC is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled or otherwise removed by actions pursuant to those stipulations.

Investments

NACAC carries its investments at market value.

Cash and Cash Equivalents

For purposes of the statement of cash flows, NACAC considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts and Contracts Receivable and Doubtful Accounts

NACAC extends credit to its customers on terms it establishes for individual customers. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts and contracts receivable are generally uncollateralized and NACAC does not charge interest on accounts and contracts receivable balances. NACAC reviews accounts and contracts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. Bad debts are provided on the reserve method based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. No allowance for doubtful accounts has been provided as receivables are considered collectable.

NORTH AMERICAN COUNCIL ON ADOPTABLE CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. Summary of Significant Accounting Policies (continued)

Furniture and Equipment

All major expenditures for furniture and equipment above \$1,000 are capitalized at cost. Contributed items are recorded at fair market value at date of donation. Depreciation is provided through the use of the straight-line method.

Contributions

Contributions are recorded when received and recognized as support in the period received. If donor-imposed restrictions accompany the contribution, the amount is recorded as temporarily or permanently restricted. Temporarily restricted net assets are reclassified to unrestricted in the period donor-imposed restrictions expire or are filled and are reported in the Statement of Activities under the Support and Revenue Category – Net Assets Released from Restrictions.

Government and Other Grants and Contracts

Government and other grants and contracts are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government and other contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, NACAC will record such disallowance at the time the final assessment is made.

Deferred Revenue

Membership dues are paid on a calendar year basis and three-year memberships are available. The portion of the dues that pertain to the next or future fiscal year are recorded as deferred revenue and recognized in the year earned.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expense

Salaries and related expenses are allocated based on actual time spent. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service are allocated based on the best estimates of management.

NORTH AMERICAN COUNCIL ON ADOPTABLE CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. Summary of Significant Accounting Policies (continued)

Income Tax

NACAC has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. NACAC's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. NACAC continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, NACAC annually files a Return of Organization Exempt From Income Tax (Form 990). The returns for the years ending December 31, 2013 and later remain subject to examination by the Internal Revenue Service.

Subsequent Events

NACAC has evaluated the effect that subsequent events would have on the financial statements through May 3, 2017, which is the date financial statements were available to be issued.

2. Financial Instruments

Significant Concentrations of Credit Risk

NACAC provides services within North America. The amounts due for services provided are from individuals, substantially all of whom are North American residents. In addition, contracts and accounts receivable are from North American governments and residents.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At December 31, 2016 the Organization held funds at a local financial institution in excess of federally insured limits.

3. Major Sources of Support

Major sources of support were as follows as of:

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
Jockey International, Inc.	\$ 274,826	\$ 294,790
State of Minnesota Department of Human Services	233,710	179,143
Annie E. Casey Foundation	204,364	217,948
Dave Thomas Foundation for Adoption	112,568	92,504

NORTH AMERICAN COUNCIL ON ADOPTABLE CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

4. Furniture and Equipment

NACAC owned the following as of:

	<u>December 31,</u>		<u>Estimated Useful Lives</u>
	<u>2016</u>	<u>2015</u>	
Furniture and Equipment	\$ 10,595	\$ 16,870	2-5 years
Less Accumulated Depreciation	<u>10,595</u>	<u>16,870</u>	
	<u>\$ -</u>	<u>\$ -</u>	

Depreciation expense of \$-0- was recorded for both years ended December 31, 2016 and 2015.

5. Refundable Advances

Refundable advances consisted of the following contributions as of:

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
Jockey International, Inc. – Jockey Being Family Initiative	\$ 50,766	\$ 25,613
Pritzker Foster Care Initiative - ChildFocus Project	23,700	-
Dave Thomas Foundation for Adoption – Adoption Subsidy Resource Center	19,928	57,496
Annie E Casey Foundation/Dave Thomas Foundation for Adoption – Advocates for Families First	13,224	17,966
Other	11,856	2,930
State of Minnesota – Adoption Support Network	<u>7,118</u>	<u>-</u>
	<u>\$ 126,592</u>	<u>\$ 104,005</u>

6. Lease Commitments

Rental commitments under noncancelable leases for office space and equipment in effect at December 31, 2016, totaled \$153,266. The future annual rental commitments are as follows:

<u>Due in the Year Ending December 31,</u>	
2017	\$ 40,312
2018	41,152
2019	41,992
2020	29,192
2021	618
	<u>\$ 153,266</u>

Rental expense was \$39,981 and \$42,005 for the years ended December 31, 2016 and 2015, respectively.

NORTH AMERICAN COUNCIL ON ADOPTABLE CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

7. Retirement Plan

NACAC adopted a simplified employee pension plan effective January 1, 1990. Each year the Board approves the contribution percentage of eligible participants' compensation to be contributed to the plan. There was a two percent (2%) contribution in both 2016 and 2015 paid into the plan totaling \$10,879 and \$10,300 for the years ended December 31, 2016 and 2015, respectively.

8. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following as of:

	December 31,	
	2016	2015
Kroll Public Policy Fund	\$ 53,256	\$ 61,686

9. Cash Flows Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities were as follows as of:

	December 31,	
	2016	2015
Unearned Membership Income	(1,984)	2,031
Increases (Decreases) in Current Liabilities:		
Accounts Payable	6,055	(771)
Accrued Vacation	3,783	(6,021)
Unearned Membership Income	(1,302)	(1,509)
Refundable Advances	22,587	(39,629)
Decreases (Increases) in Current Assets:		
Contracts Receivable	(5,676)	(6,624)
Accounts Receivable	6,359	4,019
Prepaid Expenses	12,774	(15,158)
Total Adjustments	\$ 42,596	\$ (63,662)