

GIFT OF ADOPTION FUND, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

GIFT OF ADOPTION FUND, INC.
YEARS ENDED DECEMBER 31, 2025 AND 2024

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Independent Auditor's Report

Board of Governors
Gift of Adoption Fund, Inc.

Opinion

We have audited the accompanying financial statements of Gift of Adoption Fund, Inc. (a Wisconsin corporation), which comprise the statement of financial position as of December 31, 2025 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gift of Adoption Fund, Inc. as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gift of Adoption Fund, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Gift of Adoption Fund, Inc. as of December 31, 2024, were audited by other auditors whose report, dated March 6, 2025, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gift of Adoption Fund, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

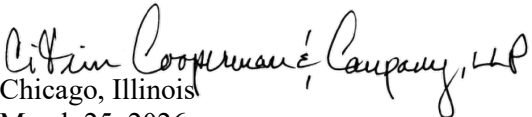
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gift of Adoption Fund, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gift of Adoption Fund, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.


Chicago, Illinois
March 25, 2026

GIFT OF ADOPTION FUND, INC.
STATEMENTS OF FINANCIAL POSITION

December 31,	2025	2024
ASSETS		
Cash and cash equivalents	\$ 2,317,645	\$ 1,742,710
Investments	3,285,742	2,636,218
Contributions receivable, net of allowance for uncollectible contributions of \$7,500 in 2025 and 2024	440,009	567,943
Interest receivable	23,297	21,280
Prepaid expenses	7,039	60,317
Operating lease right-of-use asset	84,365	93,964
Total assets	\$ 6,158,097	\$ 5,122,432
LIABILITIES AND NET ASSETS		
Liabilities:		
Grants payable	\$ 1,800,407	\$ 1,464,612
Accounts payable and accrued expenses	83,620	73,782
Operating lease liability	86,952	96,028
Deferred contributions	30,832	55,376
Total liabilities	2,001,811	1,689,798
Net assets:		
Without donor restrictions	2,643,923	2,158,321
With donor restrictions	1,512,363	1,274,313
Total net assets	4,156,286	3,432,634
Total liabilities and net assets	\$ 6,158,097	\$ 5,122,432

See accompanying notes to financial statements.

GIFT OF ADOPTION FUND, INC.

STATEMENTS OF ACTIVITIES

Years ended December 31,	2025			2024 (As Restated)		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues:						
Contributions	\$ 2,159,391	\$ 1,678,800	\$ 3,838,191	\$ 1,637,380	\$ 1,660,918	\$ 3,298,298
Special events revenue	1,985,270	-	1,985,270	1,662,335	-	1,662,335
Special events expense	(529,193)	-	(529,193)	(519,957)	-	(519,957)
Grant application fees	60,937	-	60,937	50,508	-	50,508
Net investment return	274,904	81,243	356,147	222,864	52,772	275,636
Net assets released from restrictions	1,521,993	(1,521,993)	-	1,403,695	(1,403,695)	-
Total revenues	5,473,302	238,050	5,711,352	4,456,825	309,995	4,766,820
Expenses:						
Program services	4,012,529	-	4,012,529	3,464,290	-	3,464,290
Management and general	497,929	-	497,929	562,975	-	562,975
Fundraising	477,242	-	477,242	370,370	-	370,370
Total expenses	4,987,700	-	4,987,700	4,397,635	-	4,397,635
Change in net assets	485,602	238,050	723,652	59,190	309,995	369,185
Net assets, beginning of year	2,158,321	1,274,313	3,432,634	2,099,131	964,318	3,063,449
Net assets, end of year	\$ 2,643,923	\$ 1,512,363	\$ 4,156,286	\$ 2,158,321	\$ 1,274,313	\$ 3,432,634

See accompanying notes to financial statements.

GIFT OF ADOPTION FUND, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended December 31,	2025					2024 (As Restated)				
	Program services	Management and general	Fundraising	Special events expense	Total	Program services	Management and general	Fundraising	Special events expense	Total
Adoption assistance grants	\$ 3,478,923	\$ -	\$ -	\$ -	\$ 3,478,923	\$ 3,005,655	\$ -	\$ -	\$ -	\$ 3,005,655
Dues, subscriptions and fees	25,892	23,954	25,087	-	74,933	22,470	24,785	17,286	-	64,541
Insurance	2,888	2,828	2,961	-	8,677	2,705	3,447	2,404	-	8,556
Marketing, contract and professional services	75,919	49,966	35,415	-	161,300	51,724	42,646	20,788	-	115,158
Meetings and conferences - volunteers and board	31,487	4,198	6,297	-	41,982	13,726	1,830	2,745	-	18,301
Occupancy	6,669	6,528	6,837	-	20,034	5,690	7,253	5,058	-	18,001
Office supplies and equipment	7,652	7,491	7,846	-	22,989	6,376	8,126	5,668	-	20,170
Postage and printing	6,467	6,332	6,631	-	19,430	5,317	6,778	4,727	-	16,822
Provision for uncollectible contributions	-	27,912	-	-	27,912	-	21,201	-	-	21,201
Salaries and related benefits	371,165	363,368	380,562	-	1,115,095	346,326	441,426	307,870	-	1,095,622
Special events expense	-	-	-	529,193	529,193	-	-	-	519,957	519,957
Travel	5,467	5,352	5,606	-	16,425	4,301	5,483	3,824	-	13,608
Total expenses	4,012,529	497,929	477,242	529,193	5,516,893	3,464,290	562,975	370,370	519,957	4,917,592
Less: expenses included with revenues on the statements of activities	-	-	-	(529,193)	(529,193)	-	-	-	(519,957)	(519,957)
Total expenses included in the expenses section of the statements of activities	\$ 4,012,529	\$ 497,929	\$ 477,242	\$ -	\$ 4,987,700	\$ 3,464,290	\$ 562,975	\$ 370,370	\$ -	\$ 4,397,635

See accompanying notes to financial statements.

GIFT OF ADOPTION FUND, INC.

STATEMENTS OF CASH FLOWS

Years ended December 31,	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 723,652	\$ 369,185
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Contributions restricted for endowment	(400,000)	(30,000)
Net realized and unrealized gains on investments	(84,682)	(62,168)
Reinvested dividends	(174,842)	(116,922)
Provision for uncollectible contributions	27,912	21,201
Amortization of operating lease right-of-use asset	9,599	11,011
(Increase) decrease in operating assets:		
Contributions receivable	100,022	(117,214)
Interest receivable	(2,017)	2,169
Prepaid expenses	53,278	(49,231)
Increase (decrease) in operating liabilities:		
Grants payable	335,795	122,928
Accounts payable and accrued expenses	9,838	(4,357)
Operating lease liability	(9,076)	(10,423)
Deferred contributions	(24,544)	22,674
Net cash and cash equivalents provided by operating activities	564,935	158,853
Cash flows from investing activities:		
Purchase of investments	(900,000)	(1,155,000)
Proceeds from sale of investments	510,000	1,004,850
Net cash and cash equivalents used in investing activities	(390,000)	(150,150)

See accompanying notes to financial statements.

GIFT OF ADOPTION FUND, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)

Years ended December 31,	2025	2024
Cash flows from financing activity:		
Contributions restricted for endowment	\$ 400,000	\$ 30,000
Net cash and cash equivalents provided by financing activity	400,000	30,000
Net increase in cash and cash equivalents	574,935	38,703
Cash and cash equivalents, beginning of year	1,742,710	1,704,007
Cash and cash equivalents, end of year	\$ 2,317,645	\$ 1,742,710
Supplemental disclosure of non-cash investing activity:		
Acquisition of shares through reinvested dividends	\$ 174,842	\$ 116,922
Supplemental cash flow information related to leases is as follows:		
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows from operating lease	\$ 13,011	\$ 12,753
Right-of-use asset obtained in exchange for operating lease liability	\$ -	\$ 38,730

See accompanying notes to financial statements.

GIFT OF ADOPTION FUND, INC.
NOTES TO FINANCIAL STATEMENTS

1. Organization

Description of organization:

Gift of Adoption Fund, Inc. (the Organization), a nonprofit entity located in Northbrook, Illinois, was founded in 1996 by two adoptive parents. The Organization focuses on providing grants to families who incur costs in the process of child adoption. Financial support for the Organization comes from individual, corporate and foundation donors. There are 30 unchartered local chapters located in various states throughout the United States.

2. Summary of significant accounting policies

Basis of accounting:

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

Basis of presentation:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor - or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available to finance the general operations of the Organization. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization and the environment in which it operates.

Net assets with donor restrictions – Some donor-imposed restrictions are temporary in nature, such that they will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

GIFT OF ADOPTION FUND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Cash and cash equivalents:

The Organization considers financial instruments with an original maturity of three months or less when purchased to be cash equivalents.

Investments:

Purchases of equity securities are recorded at cost or, if donated, at fair value on the date of donation. Thereafter, investments in equity securities are reported at their fair values in the statements of financial position. Purchases of certificates of deposit with original maturities of more than three months are recorded at cost as a component of investments in the statements of financial position. Thereafter, investments in certificates of deposit are reported at cost until redemption. Net investment return is reported in the statements of activities and consists of dividend income, interest income, capital gain distributions and realized and unrealized gains and losses, less investment expenses.

Contributions receivable:

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

Contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for uncollectible contributions and an adjustment to a valuation allowance based on an assessment of the current status of individual contributions owed. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contributions receivable.

Property and equipment:

Expenditures for property and equipment in excess of \$1,000 for individual purchases are capitalized at cost. Donated property and equipment are recorded at fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Property and equipment are fully depreciated at December 31, 2025 and 2024.

GIFT OF ADOPTION FUND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Grants payable:

The Organization records a liability and expense for grants in the year in which the grant is awarded.

Leases:

The Organization determines whether a contract is a lease at the contract's inception. Identified leases are subsequently measured, classified, and recognized at lease commencement as either a finance lease or an operating lease. The Organization reassesses its determination of the lease classification if the terms and conditions of the arrangement or contract are changed.

Right-of-use assets and lease liabilities are recognized at the commencement date of the lease based on the estimated present value of lease payments to be made over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option. The lease payments are discounted to present value using a discount rate based on a term commensurate with the lease terms at the lease commencement date. The Organization elected to use a risk-free discount rate for all classes of underlying assets. The portion of payments on operating lease liabilities related to interest, along with the amortization of the related right-of-use assets, is recognized as operating lease cost. Operating lease cost is recognized on a straight-line basis over the lease term. The Organization elected to treat the lease and non-lease components of a lease as a single lease component for all classes of underlying assets.

Deferred contributions:

Contributions received in advance for special events that are held subsequent to year-end are deferred and recognized in the year of the event.

Contributions:

Contributions are recorded with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Unconditional contributions are recognized as revenue when received. Conditional contributions are not recognized as revenue until the barriers to entitlement have been substantially met and any right of return or release from obligation has expired.

GIFT OF ADOPTION FUND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Contributed goods and services:

The Organization recognizes the fair value of contributed services if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization towards fundraising activities, but these services do not meet the criteria for financial statement recognition.

Special events expense:

Special events expense consists primarily of facility rental fees, food and beverages, and entertainment fees.

Expense allocation:

The financial statements 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 include salaries and related benefits, dues, subscriptions and fees, insurance, occupancy, office supplies and equipment, postage and printing, and travel, all of which are allocated on the basis of time and effort.

Use of estimates:

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications:

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Subsequent events:

Management of the Organization has reviewed and evaluated subsequent events through March 25, 2026, the date the financial statements were available to be issued. Management determined there were no significant subsequent events to be disclosed.

GIFT OF ADOPTION FUND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Liquidity and availability

The following represents the Organization’s financial assets available to meet general expenditures at December 31, 2025 and 2024:

December 31,	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,317,645	\$ 1,742,710
Investments	3,285,742	2,636,218
Contributions receivable, net	440,009	567,943
Interest receivable	23,297	21,280
Total financial assets	6,066,693	4,968,151
Less amounts not available to be used within one year:		
Contributions receivable - due after one year	129,566	210,935
Amounts restricted by donors to be held in perpetuity	825,000	425,000
Amounts unavailable to management without Board approval	879,573	760,341
Board-designated net assets to function as an endowment	434,085	380,032
Total amounts not available to be used within one year	2,268,224	1,776,308
Financial assets available to meet general expenditures within one year	\$ 3,798,469	\$ 3,191,843

Contributions, special events revenue and grant application fees revenue are the primary sources to meet cash needs for general expenditures. General expenditures include grant commitments, administrative and general expenses, and fundraising expenses. The Organization’s checking account is maintained at a level to support a minimum of 30 days of operating costs, including adoption assistance grants. Cash in excess of this goal provides additional liquidity in the event that the Organization’s current revenue streams are not sufficient to meet its ongoing adoption grant commitments and other general expenditure obligations. Management monitors liquidity throughout the year through a monthly review of budgets and financial reports.

GIFT OF ADOPTION FUND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Contributions receivable

Contributions receivable are as follows:

December 31,	2025	2024
Receivable in less than one year	\$ 317,943	\$ 364,508
Receivable in one to five years	129,566	210,935
Total contributions receivable	447,509	575,443
Less: allowance for uncollectible contributions	(7,500)	(7,500)
Contributions receivable, net	\$ 440,009	\$ 567,943

5. Investments and fair value

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. The three levels of the fair value hierarchy are as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3 Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

GIFT OF ADOPTION FUND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Investments and fair value (continued)

Investments in mutual funds that are traded on a national securities exchange are stated at the last reported sales price on the day of valuation. These financial investments are classified as Level 1 in the fair value hierarchy.

A summary of investments is as follows:

December 31,	2025	2024
Level 1:		
Mutual funds	\$ 2,285,742	\$ 1,636,218
Investments held at cost:		
Certificates of deposit	1,000,000	1,000,000
Total investments	\$ 3,285,742	\$ 2,636,218

The Organization held no Level 2 or Level 3 investments at December 31, 2025 and 2024.

The Organization's investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the statements of financial position.

6. Lease

The Organization leases its office facility under an operating lease through April 30, 2029, with a four-year renewal option that provided for a lease period commencing on May 1, 2029 and expiring on April 30, 2033. The Organization is reasonably certain they will exercise the renewal option. The exercise of the renewal option is at the Organization's sole discretion. In conjunction with the lease extension, the Organization remeasured the existing right-of-use asset and lease liability for the change in the discount rate at the date of the lease modification and recognized \$38,730 of additional operating lease right-of-use asset and related lease liability for the extended term during the year ended December 31, 2024. The lease requires fixed monthly base rent payments which escalate annually over the lease term. The lease payments during the lease renewal period are considered variable lease payments as they are based on fair market value rent at the time of the lease renewal.

GIFT OF ADOPTION FUND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Lease (continued)

Future operating lease payments are as follows:

Year ending December 31:	Amount
2026	\$ 13,092
2027	13,276
2028	13,560
2029	13,838
2030	14,111
Thereafter	33,958
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Total undiscounted lease payments	101,835
Less: imputed interest	(14,883)
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Total operating lease liability	86,952
Less: current portion of operating lease liability	(9,556)
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Operating lease liability, net of current portion	\$ 77,396

Operating lease cost was \$13,092 and \$13,341 during the years ended December 31, 2025 and 2024, respectively.

The weighted-average remaining lease term and discount rate are as follows:

Years ended December 31,	2025	2024
Weighted-average:		
Discount rate - operating lease	4.28%	4.28%
Remaining lease term (years) - operating lease	7.33	8.33

7. Board-designated net assets

Board-designated net assets at December 31, 2025 and 2024 were \$434,085 and \$380,032, respectively, which were designated by the Board of Governors to function as an endowment.

GIFT OF ADOPTION FUND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. Net assets with donor restrictions

The components of net assets with donor restrictions are as follows:

December 31,	2025	2024
Subject to passage of time:		
Time-restricted contributions	\$ 447,509	\$ 456,624
Subject to expenditure for specified purpose:		
Grants to families in the final stage of adoption process	92,778	321,855
Endowment to be maintained in perpetuity	825,000	425,000
Endowment subject to the appropriation and expenditure when a specified event occurs:		
Donor-restricted funds in the nature of an endowment	147,076	70,834
Total net assets with donor restrictions	\$ 1,512,363	\$ 1,274,313

Net assets were released from donor restrictions by the passage of time or by incurring expenses satisfying purpose or time restrictions as follows:

Years ended December 31,	2025	2024
Purpose-restricted contributions:		
Grants to families in the final stage of adoption process	\$ 1,003,528	\$ 824,970
Time-restricted contributions	518,465	578,725
Total net assets released from donor restrictions	\$ 1,521,993	\$ 1,403,695

GIFT OF ADOPTION FUND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Endowments

The Organization's endowment consists of seven individual funds established for the purpose of supporting adoption assistance. Its endowment includes both donor-restricted funds and funds designated by the Board of Governors to function as endowments. A portion of the net assets with donor restrictions are restricted as investments in perpetuity. Net assets associated with endowment funds, including funds designated by the Board of Governors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Governors of the Organization has interpreted the 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 classifies as net assets with donor restrictions maintained in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent 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 not classified in net assets with donor restrictions maintained in perpetuity is classified as net assets with donor restrictions for purpose and time until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization and (7) the Organization's investment policies. From time to time, certain donor-restricted endowment funds may have fair value less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Governors, for endowment assets that are designed to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution. Endowment assets are invested in mutual funds that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution not to exceed 5%, while achieving growth of the endowment funds if possible. Investment assets and allocation between asset classes and strategies are managed so as not to expose the fund to unacceptable levels of risk.

GIFT OF ADOPTION FUND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Endowments (continued)

Spending Policy. The Organization has adopted a policy of appropriating for distribution, at its discretion, each year up to 5% of its endowment fund's average market value for the prior three years. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type as of December 31, 2025 is as follows:

	Without donor restrictions	With donor restrictions	Total
Board-designated endowment	\$ 434,085	\$ -	\$ 434,085
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	795,000	795,000
Accumulated investment gains	-	177,077	177,077
Total funds	\$ 434,085	\$ 972,077	\$ 1,406,162

There were no underwater endowments at December 31, 2025.

Changes in endowment net assets for the year ended December 31, 2025 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 380,032	\$ 495,834	\$ 875,866
Contributions	-	400,000	400,000
Appropriation for expenditure	(5,000)	(5,000)	(10,000)
Net investment return	59,053	81,243	140,296
Endowment net assets, end of year	\$ 434,085	\$ 972,077	\$ 1,406,162

GIFT OF ADOPTION FUND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Endowments (continued)

Endowment net asset composition by type as of December 31, 2024 is as follows:

	Without donor restrictions	With donor restrictions	Total
Board-designated endowment	\$ 380,032	\$ -	\$ 380,032
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	395,000	395,000
Accumulated investment gains	-	100,834	100,834
Total funds	\$ 380,032	\$ 495,834	\$ 875,866

There were no underwater endowments at December 31, 2024.

Changes in endowment net assets for the year ended December 31, 2024 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 338,056	\$ 417,912	\$ 755,968
Contributions	-	30,000	30,000
Appropriation for expenditure	-	(4,850)	(4,850)
Net investment return	41,976	52,772	94,748
Endowment net assets, end of year	\$ 380,032	\$ 495,834	\$ 875,866

GIFT OF ADOPTION FUND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

10. Revenue from contracts with customers

Performance obligations:

The Organization's revenue from contracts with customers consisted of the following:

Special events revenue

Special events revenue includes an exchange element based upon the fair value of direct benefits donors receive from attending a special event. The exchange element of special events revenue is recognized as revenue at a point in time when the special event takes place.

Grant application fees

Adoption assistance grant application fees charged to grant applicants are nonrefundable and are due when the application is submitted and recognized at a point in time when the application process is completed.

There is no variable consideration with the above revenue streams.

Disaggregation of revenue:

The Organization's revenue from contract with customers disaggregated by timing of satisfaction of performance obligations for the years ended December 31, 2025 and 2024 are as follows:

Years ended December 31,	2025	2024
Performance obligations satisfied at a point in time:		
Special events revenue	\$ 496,906	\$ 451,405
Grant application fees	60,937	50,508
Total performance obligations satisfied at a point in time	\$ 557,843	\$ 501,913

Contract balances:

There were no accounts receivable related to revenue from contracts with customers at December 31, 2025, 2024 and 2023.

There were no contract assets or contract liabilities related to revenue from contracts with customers at December 31, 2025, 2024 and 2023.

GIFT OF ADOPTION FUND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

10. Revenue from contracts with customers (continued)

Significant judgments:

Significant judgments are required to be made by management to determine the appropriate approach to applying the revenue recognition criteria. Management determined the transaction prices for benefits included in special events where stand-alone purchase prices were not available.

11. Employee retirement plan

The Organization has an employee retirement plan (the Plan) covering all eligible employees. Employees are allowed to make voluntary contributions to the Plan within stated limits set by the Plan. The Plan also provides for the Organization to make a mandatory matching contribution within the limits set by the Plan. The Plan also allows a contribution at the discretion of the Board of Governors. For the years ended December 31, 2025 and 2024, the Organization made matching contributions of \$25,085 and \$21,015, respectively. No discretionary contributions were approved for the years ended December 31, 2025 and 2024.

12. Tax status

The Organization has received a determination letter from the Internal Revenue Service that it is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3) of the Code. Contributions to the Organization are deductible for income tax purposes within limitations of the law.

13. Concentrations of credit risk

The Organization maintains its cash and cash equivalents in bank and brokerage accounts which, at times, may exceed federally-insured deposit limits. At December 31, 2025 and 2024, cash and cash equivalents in excess of these limits totaled approximately \$2,252,000 and \$1,652,000, respectively. The Organization believes that it is not exposed to any significant credit risk on cash and cash equivalents.

One donor accounted for approximately 11% of total revenues for the year ended December 31, 2025. There were no revenue concentrations for the year ended December 31, 2024.