

Family Builders by Adoption

**Independent Auditor's Report
&
Financial Statements**

**For the Fiscal Year Ended June 30, 2025
(With Summarized Financial Information as of June 30, 2024)**



Certified Public Accountant

Family Builders by Adoption

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Independent Auditor's Report

Board of Directors
Family Builders by Adoption
Alameda, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Family Builders by Adoption (FBBA), a nonprofit organization, which comprise the statement of financial position as of June 30, 2025 and the related statements of activities, functional expenses, and cash flows for the fiscal 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 Family Builders by Adoption as of June 30, 2025, and the changes in its net assets, and its cash flows for the fiscal year then ended in conformity 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 FBBA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 FBBA'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 Responsibility for 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 and *Government 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 FBBA'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 FBBA'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule on pages 15-16 is not a required part of the basic financial statements but is supplementary information requested by the California Department of Social Services. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2025 on our consideration of FBBA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of FBBA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FBBA's internal control over financial reporting and compliance.

JRB Accountancy

Hayward, California
November 14, 2025

Family Builders by Adoption
Statement of Financial Position
June 30, 2025
(With Summarized Financial Information as of June 30, 2024)

Assets	2025	2024
Current Assets		
Cash and Cash Equivalents (Note 3)	\$ 920,882	\$ 759,250
Grants Receivable (Note 4)	517,970	631,308
Prepaid Expenses	96,925	38,526
Right of Use (ROU) Lease	<u>875,810</u>	<u>991,116</u>
Total current assets	2,411,587	2,420,199
Non-current Assets		
Deposits	<u>13,900</u>	<u>18,886</u>
Total Assets	<u>\$ 2,425,487</u>	<u>\$ 2,439,085</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 69,895	\$ 71,371
Current Lease Liability	107,081	100,410
Accrued Expenses (Note 5)	199,506	181,659
Deferred Revenue (Note 6)	<u>64,700</u>	<u>23,333</u>
Total current liabilities	<u>441,182</u>	<u>376,774</u>
Long Term Liabilities		
Operating Lease Liability	<u>786,603</u>	<u>894,474</u>
Total long-term liabilities	<u>786,603</u>	<u>894,474</u>
Total Liabilities	<u>1,227,785</u>	<u>1,271,248</u>
Net Assets		
Without Donor Restrictions	1,088,206	1,054,136
With Donor Restrictions (Note 7)	<u>109,497</u>	<u>113,701</u>
Total net assets	<u>1,197,703</u>	<u>1,167,837</u>
Total Liabilities and Net Assets	<u>\$ 2,425,487</u>	<u>\$ 2,439,085</u>

See notes to financial statements

Family Builders by Adoption
Statement of Activities
For the Fiscal Year Ended June 30, 2025
(With Summarized Financial Information as of June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	2025	2024
Revenues and Other Support				
Government contracts and awards	\$ 3,564,664	\$ -	\$ 3,564,664	\$ 3,064,255
Foundation and community grants	118,500	104,000	222,500	243,500
Fundraising events				
Event Revenue	52,977		52,977	24,507
Event Expenses	(28,320)	-	(28,320)	(5,810)
Total fundraising events	24,657		24,657	18,696
Contributions	81,649		81,649	48,009
Interest	6,993		6,993	5,878
Other revenue	32,891		32,891	30,200
Net assets released from restrictions	113,205		113,205	
Restrictions satisfied by payments	(5,000)	(108,205)	(113,205)	-
Total Revenue	3,937,560	(4,205)	3,933,355	3,410,539
Expenses				
Program services	3,166,483		3,166,483	2,932,429
Support services	626,614		626,614	550,501
Fundraising	110,393	-	110,393	53,984
Total Expenses	3,903,489	-	3,903,489	3,536,914
Change in Net Assets	34,070	(4,205)	29,866	(44,183.97)
Net Assets, Beginning of Fiscal Year	1,054,136	113,701	1,167,837	1,212,021
Net Assets, End of Fiscal Year	\$ 1,088,206	\$ 109,497	\$ 1,197,703	\$ 1,167,837

See notes to financial statements

Family Builders by Adoption
Statement of Functional Expenses
For the Fiscal Year Ended June 30, 2025
(With Summarized Financial Information as of June 30, 2024)

	Program	Administration	Fundraising	2025	2024
Personnel					
Salary Expense	\$ 1,824,683	\$ 383,051	\$ 75,808	\$ 2,283,543	\$ 1,922,071
Pension contributions	78,852	13,142	3,286	95,280	83,902
Other employee benefits	222,143	37,024	9,256	268,423	218,812
Payroll taxes	148,306	24,718	6,179	179,203	152,449
Total personnel	<u>2,273,985</u>	<u>457,934</u>	<u>94,529</u>	<u>2,826,448</u>	<u>2,377,233</u>
Operating					
Foster parent payments	519,392			519,392	497,900
Occupancy	103,391	14,881	3,720	121,992	139,278
Professional services	12,523			12,523	59,238
Information Technology	48,139	8,023	2,006	58,168	18,570
Insurance	37,452	6,242	1,561	45,254	40,599
Accounting		120,865		120,865	100,800
Travel and meals	45,010	7,502	1,875	54,387	49,411
Dues, licenses, and service fees	21,138	3,523	881	25,541	40,977
Telephone	9,877	1,646	412	11,935	14,796
Subcontract - Direct services	37,050			37,050	45,784
Staff recruitment, training, development	21,948	3,658	915	26,521	13,354
Family recruitment and support	17,540			17,540	14,231
Fundraising expenses			3,910	3,910	5,348
Supplies	14,039	2,340	585	16,964	19,646
Equipment and maintenance				-	2,930
Accreditation	5,000			5,000	12,933
Postage and shipping				-	1,694
Lease expense	-	-	-	-	-
Total operating	<u>892,498</u>	<u>168,679</u>	<u>15,863</u>	<u>1,077,041</u>	<u>1,077,489</u>
Total expenses	<u>\$ 3,166,483</u>	<u>\$ 626,614</u>	<u>\$ 110,393</u>	<u>\$ 3,903,489</u>	<u>\$ 3,454,722</u>

See notes to financial statements

Family Builders by Adoption
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2025
(With Summarized Financial Information as of June 30, 2024)

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 29,866	\$ (44,184)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Receivables	118,324	135,837
Prepaid Expenses	(58,399)	(10,737)
Accounts Payable	(1,478)	(15,870)
Accrued Expenses	59,213	(58,265)
Rent Lease Liabilities	<u>14,106</u>	<u>3,768</u>
Net cash provided by operating activities	161,632	10,549
Net increase in cash and cash equivalents	161,632	10,549
Cash and cash equivalents ar beginning of year	<u>759,250</u>	<u>748,701</u>
Cash and cash equivalents at end of year	<u><u>\$ 920,882</u></u>	<u><u>\$ 759,250</u></u>

See notes to financial statements

Family Builders by Adoption
Notes to Financial Statements
June 30, 2025

Note 1 General Information

Organization and Nature of Operations

Family Builders by Adoption (FBBA) is a California nonprofit public benefit corporation, founded in 1984 with its principal offices in Alameda, California. FBBA believes that every child has the right to grow up in a permanent, nurturing family regardless of that child's age, race, ethnicity, gender, religion, sexual orientation, gender identity- expression, or medical, physical or emotional condition. FBBA educates the community about the needs of waiting children, advocates on their behalf, and places children with permanent, secure families through adoption, and other forms of permanence. FBBA's goal is that no child will leave the foster care system without a permanent, loving, and caring parent.

Note 2 Summary of Significant Accounting Policies

Basis of Accounting

The financial statements and fiscal records of FBBA are prepared on the accrual basis of accounting and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of a fiscal period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement.

Financial Statement Presentation

The *Financial Accounting Standards Board* (FASB) issued, in its *Accounting Standards Codification (ASC) No. 958, Accounting Standards Update 2016-14*, which requires improved presentation and disclosures to help not-for-profit entities provide more relevant information about their resources to donors, grantors, creditors, and other users. These improvements apply to qualitative and quantitative requirements in net asset classes, investment return, expenses, liquidity and availability of resources, and presentation of operating cash flows.

Classification of Net Assets

Net assets of FBBA are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Foundation. Certain restrictions may be need to be maintained in perpetuity.

Fair Value Measurements

FBBA's financial instruments include cash and cash equivalents. The carrying amount of these financial instruments has been estimated by management to approximate fair value. Fair value is defined as "the price that would be received to

**Family Builders by Adoption
Notes to Financial Statements
June 30, 2025**

sell an asset in an orderly transaction between market participants at the measurement date.” When determining the inputs used to measure fair value, the highest priority is given to observable inputs and lowest priority is given to unobservable inputs. ASC 820-10, *Fair Value Measurement*, establishes a fair value hierarchy to prioritize the inputs used in measuring fair value. FBBA has measured financial instruments using Level 1 inputs. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1— Quoted prices for identical assets in active markets.
- Level 2—Observable inputs other than Level 1, which include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets.

Revenue Recognition

FBBA is supported primarily through government contracts and awards, foundation awards, and contributions.

FBBA recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of FBBA’s revenue is derived from cost-reimbursable contracts and awards, which are conditioned upon the incurrence of allowable qualifying expenses and/or certain performance requirements. Amounts received are recognized as revenue when FBBA has incurred expenditures or provided services in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. FBBA received cost-reimbursement contracts and grants of \$930,124 that have not been recognized at June 30, 2025 because qualifying expenditures have not yet been incurred.

Functional Allocation of Expenses

The costs of program activities and supporting services have been summarized on a functional basis in the statements of functional expenses. The statement presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect costs such as general and administrative expenses include costs that are not directly identifiable with any specific program, but which provide the overall support and direction of FBBA. Such expenses which are common to multiple functions have been allocated among the various functions benefited either based upon square footage or timesheets.

Family Builders by Adoption
Notes to Financial Statements
June 30, 2025

Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

Risk Management

FBBA is exposed to various risks of loss related to: torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which FBBA carries commercial insurance.

Concentrations

FBBA receives a substantial amount of revenue from governmental grants. During the fiscal year ended June 30, 2025, FBBA received \$3,564,664 or 90.64% of total revenue.

Contributions

Donations represent contributions to FBBA from private organizations and individuals, and are recognized as support when received.

Income Taxes

FBBA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. FBBA is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes. Contributors, donors and grantors may obtain tax benefits. In addition, FBBA has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

Comparative Financial Information

The statement of activities is presented with prior year financial information in total, which does not include net asset class in detail. In addition, the statement of functional expenses is presented with prior year information in total, which does not include functional expense detail. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the prior year audit report on the financial statements for fiscal year end June 30, 2024, from which the summarized information was derived.

Change in Accounting Principle

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842). The objective of the ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. The new FASB ASU topic on leases consists of five subtopics: overall, lessee, lessor, sale and leaseback transactions, and leveraged lease arrangements. ASU No. 2016-02 is applicable to any entity that enters into a lease. The new lease standard is effective for private nonprofits with fiscal years beginning after December 15, 2021.

Family Builders by Adoption
Notes to Financial Statements
June 30, 2025

Under FASB ASC 842, a right-of-use asset and a related lease liability must be recorded on the statement of financial position for proper recognition of any operating lease. A right-of-use asset is an intangible asset that pertains to the lessee's right to occupy, operate, and hold a leased asset during the agreed rental period. A lease liability is the financial obligation for the payments required by the lease, discounted to present value.

FBBA has adopted the change in accounting principle and has determined the impact reflected a significant change from this accounting principle within its financial statements for fiscal year end June 30, 2025. Refer to Note 8 for additional information regarding the operating lease and the related right-of-use asset and operating lease liability held by the Charter.

Note 3 Cash, Cash Equivalents, and Concentration of Credit Risks

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions and short-term marketable securities with a maturity of three months or less.

FBBA maintains cash balances at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In addition, FBBA has its large bank account balances pooled into a network of thousands of other financial institutions to be part of an aggregate FDIC insurance through a privately-held firm - IntraFi, LLC. As of June 30, 2025, the uninsured balance is \$0. FBBA believes it is not exposed to any significant credit risk on its cash balances.

Note 4 Grants Receivable

Grants receivable consist primarily of amounts due from counties throughout California for foster care support. Management considers all grants and receivables to be fully collectible, and no allowance for doubtful accounts is considered necessary. As of June 30, 2025, amounts due are from the following grants:

State of California CKC	\$48,233
Adoption SF	117,787
County of San Francisco	67,964
PAARP	16,000
Dave Thomas Foundation	83,000
Alameda County Probation	110,778
County of Alameda	17,909
County of Santa Clara	1,055
County of Sonoma	6,776
County of Marin – North Bay	28,025
Side by Side	13,797
YAP Fee for Service	3,333
Others	<u>3,313</u>
Total	<u>\$517,970</u>

Family Builders by Adoption
Notes to Financial Statements
June 30, 2025

Note 5 Accrued Expenses/Vacation/Employee Benefits

Accumulated unpaid employee vacation benefits are recognized as liabilities of FBBA as they are earned. Employees are entitled to paid vacation based on length of service and gain a vested right to accumulated vacation. Accrued vacation at June 30, 2025 is \$165,610 which are included in accrued expenses in the accompanying financial statements. Sick leave benefits are accumulated for each employee, but employees do not gain a vested right to the accumulated sick leave. Accordingly, they are not recognized as a liability, and sick leave benefits are recorded as expenses in the period taken.

Note 6 Deferred Revenue

Deferred revenue of \$64,700 as of June 30, 2025, also included in accrued expenses, consisted of funds received in advance from grants received from various organizations, of which \$30,800 is from the Hugh Lane Wellness Foundation and \$33,900 is from the Ruth Ellis Center.

Note 7 Net Assets With Donor Restrictions

Activity for net assets with donor restrictions for the fiscal year ended June 30, 2025 are as follows:

<u>Description</u>	<u>6/30/24</u>	<u>Awards</u>	<u>Releases</u>	<u>6/30/25</u>
getReal CA	\$24,162	\$ -	(\$ 24,162)	\$ -
WSJ	-	20,000	-	20,000
WWK	83,000	83,000	(83,000)	83,000
Youth Necessity	<u>6,539</u>	<u>-</u>	<u>(438)</u>	<u>6,497</u>
	<u>\$113,701</u>	<u>\$ 103,000</u>	<u>(\$ 107,600)</u>	<u>\$ 109,497</u>

Note 8 Lease Commitments

As noted on Note 1 regarding the Change in Accounting Principle of adopting the new lease standard, below is the additional information regarding the operating leases, which is the future minimum lease payment for the next five fiscal years and thereafter:

2025	\$ 139,695
2026	143,886
2027	148,203
2028	152,649
2029	157,228
Thereafter	<u>328,748</u>
Total	<u>\$1,070,748</u>

Family Builders by Adoption
Notes to Financial Statements
June 30, 2025

Note 9 Contingencies

Grant awards require the fulfillment of certain conditions as set forth in the instruments of the grant agreement. Failure to fulfill the conditions could result in the return of the funds to the respective grantors. FBBA deems this contingency as a remote probability since accepting the grants and its terms and conditions has accommodated the objectives of the organization to the provision of the grant. Management is of the opinion that the organization has complied with the terms and conditions of all grants.

Note 10 Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$ 920,882
Grants receivable	<u>517,970</u>
Total financial assets	986,635
Less:	
Net assets with purpose restrictions within one year	<u>109,496</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,088,206</u>

As part of FBBA's liquidity management, FBBA has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, FBBA invests cash in excess of daily requirements, if available, in short-term investments.

Note 11 Uncertain Tax Positions

Pursuant to FASB ASC 740-10, FBBA reviews and assesses all activities annually to identify any changes in the scope of the activities and revenue sources and the tax treatment thereof to identify any uncertain tax positions. At June 30, 2025, management did not identify any uncertain tax positions requiring recognition or disclosure in these financial statements. Tax years reasonably considered open and subject to examination include federal returns for the fiscal years ended June 30, 2022 through 2025 and California state returns for the fiscal years ended June 30, 2021 through 2025.

Note 12 Subsequent Events

Events subsequent to June 30, 2025 have been evaluated through November 14, 2025, the date at which FBBA's financial statements were made available to be issued. No events requiring disclosures have occurred through this date.

Family Builders by Adoption
Schedule of Expenditures of Federal, State, & County Awards
For the Fiscal Year Ended June 30, 2025

Program Name	Federal	Contract	Contract	Expenditures			Total
	CFDA #	Number	Period	Federal	State	County	Expenditures
Department and Health and Human Services Passed through the California Department of Social Services Foster Care Title IV-E	93.658	0009-01-01	07/01/24-06/30/25	603,392	360,833	-	964,225
Department of Health and Human Services Passed through the City & County of San Francisco H.S.A Promoting Safe and Stable Families	93.556	Recruitment	07/01/24-06/30/25	304	-	7,558	7,862
Foster Care Title IV-E	93.658	Family Finding	07/01/24-06/30/25	132,911	-	388,549	521,460
Promoting Safe and Stable Families	93.556	Coaching	07/01/24-06/30/25	5,714	-	30,879	36,593
Foster Care Title IV-E	93.658	RFA	07/01/24-06/30/25	24,849	-	155,303	180,152
Department and Health and Human Services Passed through the California Department of Social Services Adoption Assistance	93.659	24-3024	07/01/24-06/30/25	108,032	250,833	-	358,865
Department and Health and Human Services Passed through Alameda County-Social Services Agency Temporary Assistance for Needy Families	93.558	900526	07/01/24-06/30/25	-	110,404	47,316	157,720
Department and Health and Human Services Passed through Santa Clara County-Social Services Agency	93.558	Youth Acceptance Project	07/01/24-06/30/25	-	-	177,272	177,272
Department and Health and Human Services Passed through the County of Marin	93.558	Youth Acceptance Project	07/01/24-06/30/25	-	-	167,784	167,784
Alameda County Probation Department Permanency Services for Youth in Probation		901873	07/01/24-06/30/25	-	422,287	-	422,287
County of Sonoma Human Services Department Foster Care - Title IV-E	93.658		07/01/24-06/30/25	14,374		340,426	354,800
Totals				889,577	1,144,357	1,315,086	3,349,020

See notes to schedule of expenditures of federal assistance

TOTAL PROGRAM COST DISPLAY (FCR 12FFA)
SUBMIT ONE FOR EACH PROGRAM

Number of months in cost reporting period 12

CORPORATE/LICENSEE NAME		PROGRAM NAME (IF DIFFERENT)		CORPORATE NUMBER		PROGRAM NUMBER		AGENCY FISCAL YEAR (MO/YR - MO/YR)	
Family Builders by Adoption				94-2936989		0009-01-01		07/2021 - 06/2022	
(1)	(2)	LINE ITEMS OF COST		(3)	(4)	(5)	(6)	(7)	(8)
LINE				TOTAL (SUM OF COLS. 3 THRU 6)	ADMINISTRATION	RECRUITMENT	TRAINING	SOCIAL WORK	EXPLANATION
100a	Executive Director Salary			29,884	29,884				
100b	Assistant Director Salary			0				0	
100c	Administrator Salary			0					
100d	All Other Administrative Salaries			47,584	47,584				
101	Recruitment Payroll			0		0			
102	Training Payroll			0					
110	Administrative Contracts			12,784	12,784				
121	Telephone			2,656	0			2,656	
122	Postage and Freight			391	391				
123	Office Supplies			696	696				
132	Conferences, Meetings, In-Service Training			343	343				
133	Memberships, Subscriptions, Dues			7325	7325				
134	Printing, Publications			91	91				
135	Bonding, General Insurance			14,187	0			14,187	
137	Advertising			0					
138	Miscellaneous			2502	1251			1251	
				0	0	0	0	0	0
200	Building and Equipment Payroll			0					
211	Building Rents and Leases			26,482	26,482				
214	Acquisition Mortgage Principal & Interest			0					
215	Property Appraisal Fees			0					
216	Property Taxes			0					

TOTAL PROGRAM COST DISPLAY (FCR 12FFA)
SUBMIT ONE FOR EACH PROGRAM - CONTINUED

Number of months in cost reporting period 12

CORPORATE/LICENSEE NAME		CORPORATE NUMBER (IF DIFFERENT)		CORPORATE NUMBER	PROGRAM NUMBER		AGENCY FISCAL YEAR (MO/ YR - MO/ YR)	
Family Builders by Adoption				94-2936989	0009-01-01		07/2021 - 06/2022	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
LINE	LINE ITEMS OF COST	TOTAL (SUM OF COLS. 4 THRU 7)	ADMINISTRATION	RECRUITMENT	TRAINING	SOCIAL WORK	EXPLANATION	
217	Building and Equipment Insurance	0	0					
221	Utilities	0	0					
222	Building Maintenance	119	119					
223	Building and Equipment Contracts	0	0					
224	Building and Equipment Supplies	0	0					
225	Equipment Leases	894	894					
226	Equipment Depreciation Expense	0	0					
227	Expendable Equipment	0	0					
228	Building and Equipment Miscellaneous	0	0					
241	Vehicle Leases	0	0			0		
242	Vehicle Depreciation	0	0	0	0	0	0	
243	Vehicle Operating Costs	7,717	0	0	0	7,717	0	
		0	0	0	0	0	0	
350	Total Paid to Certified Family Homes	489,049	0	0	0	489,049		
352	Other Child-Related Costs, Not Provided by Certified Family Homes	0	0					
		0	0	0	0	0	0	
410	Social Worker Payroll and/or Social Worker Contract	378,228	0			378,228	0	
440	Direct Care Contracts	0	0			0		
		1020932	127,844	0	0	893,088	0	
500	TOTAL EXPENSES	1020932	127,844	0	0	893,088	0	

Family Builders by Adoption
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Note A Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Family Builders by Adoption & Subsidiary (FBBA) under programs of the federal government for the fiscal year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of FBBA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of FBBA.

Note B Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement

**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Directors
Family Builders by Adoption
Alameda, California

We have audited, in accordance with auditing standards generally accepted in United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Family Builders by Adoption (FBBA), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered FBBA's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of FBBA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of FBBA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether FBBA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FBBA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

JRB Accountancy

Hayward, California
November 14, 2025

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Family Builders by Adoption
Alameda, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Family Builders by Adoption's (FBBA) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of FBBA's major federal programs for the fiscal year ended June 30, 2025. FBBA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, FBBA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of FBBA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of FBBA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to FBBA's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on FBBA's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about FBBA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 FBBA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of FBBA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of FBBA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

JRB Accountancy

Hayward, California
November 14, 2025

FAMILY BUILDERS BY ADOPTION
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2025

Section I
Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on the
basic financial statements of the Authority: Unmodified opinion.

Internal control over financial reporting:

◆ Material Weakness(es) identified? No

◆ Reportable condition(s) identified that are not
considered to be material Weaknesses? No

Noncompliance material to the financial statements
noted? No

Federal Awards

Internal control over major programs:

◆ Material Weakness(es) identified? No

◆ Reportable condition(s) identified that are not
considered to be material Weaknesses? No

Type of auditor's report issued on compliance for major
programs: Unmodified opinion.

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a)? None

Identification of major programs? U.S. Department of Health and
Human Services
Foster Care Title IV-E and Adoption
Opportunities
CFDA Number 93.658 and 93.659

Dollar threshold used to distinguish between type A and
type B programs: \$750,000

Auditee qualified as a low-risk auditee? Yes

FAMILY BUILDERS BY ADOPTION
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2025

Section II
Financial Statement Findings

None

Section III
Federal Award Findings and Questioned Costs

None

FAMILY BUILDERS BY ADOPTION
Status of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2025

None.