

January 9, 2012

Dear CAFAC Families and Friends:

The past year has been a rewarding but challenging year for the Staff and Board of CAFAC. Some of the changes we have put into place were starting to pay off and we had a significant number of families travel and complete their adoption journey and begin the exciting journey of parenting.

As part of our obligation to you, our families, we wanted to let you know about some of the significant financial challenges we are experiencing and what we are doing to allow us to continue to do the work that CAFAC is very proud of.

Some of these challenges are based on trends in international adoption in general. Countries participating in international adoption go through a development cycle as they become better able to offer domestic adoption, or in some cases, desire to be perceived they can. This is often accompanied by lengthening timelines as countries provide better safeguards to ensure children are properly relinquished and that no improper financial incentives are being provided to relinquishing families or orphanages. The impact of this longer process is that we are servicing families for much longer periods with no increase of fees.

Specific to our Ethiopian program, several years ago we created a wait list so as not to put new clients through endless updates and unmet promises. As timelines for the process in Ethiopia lengthened, we were better able to bring families into the process closer to when they were likely to receive a referral. The downside of this change has been its financial impact on us, significantly reducing the money received from new clients.

Inconsistency as to the number of referrals we receive is natural as it is very dependent on the circumstances in the country. CAFAC's financial model was based on about 5 referrals a month, which we had always achieved until this year. From July to December we have received only 7 referrals total, two of which were from outside Ethiopia.

Despite these financial challenges we wish to reassure you that each family's trust moneys is in a designated trust account and no money has been or will be moved out of this account until after services have been provided.

Our first commitment is to children currently in our care and in the midst of the adoption process and the families matched to them. Our limited staff time and energy needs to be spent working on these files, ensuring that children are placed with their adoptive families as soon as possible while respecting the process.

In addition, we have significant obligations to perform post-placement reports – we ask for your cooperation and assistance in making this part of the process as easy as possible

by providing your post placement reports when due. Tracking and following down on delinquent reports takes a significant amount of resources that could be spent assisting others to build their families.

Unfortunately we are in a position where we are forced to prioritize the services we will be providing until our circumstances improve. We are making a number of changes that we feel will continue to allow CAFAC to provide the valuable services it has always provided.

In Canada, we have had to make a fairly drastic reduction in staff with a reduction of five staff members. Our three remaining staff members, Jackie, Arleigh, and Margaret, and our volunteer Board of Directors will monitor this and make changes as required and as we are financially able. Our sincerest thanks to Karen, Jami, Jennifer, Larissa and Tammy for the help that they have given to our families.

We are also implementing an essential services plan overseeing Post Placement Reports and cases where a child has been referred. We will do what is needed to facilitate that adoption. All other dossiers in country will remain in the programs and decisions will be made with you as to the disposition of those dossiers. Before providing new services on those files, we will be in touch with the affected families directly and will not expend further client moneys until we have confirmed your intent to proceed and our ability to proceed in good conscience. New admission into country programs will only be done on a case by case basis and where reasonable expectation of a completed adoption is likely and where new timeframes are discussed with the applicant family.

We are also forced to revisit our funding options at this point and are instituting a file maintenance fee for clients in the amount of \$1,000 per year paid annually, or \$100 a month paid monthly (\$1,200 per year). Details of this fee will be communicated directly to all affected clients with payment options. We are also meeting with the Manitoba Provincial government to explore what funding arrangements may be available to us.

At this time we are also reviewing our fees relating to provision of post-placement reports. To date we have largely absorbed the cost of this reporting in an attempt to encourage their completion but are no longer able to do so. We encourage each of you to recognize the impact that completing these reports on a timely basis will make on our resources and on the families going through the adoption process after you.

What does the future look like for CAFAC? We will continue to monitor our finances and operations and commit to updating you on a frequent basis. We will provide an update in early February on the following topics that are important milestones

- a. Referrals for December and January
- b. Discussions with our Ethiopian team on changes we can make in Ethiopia
- c. Discussions with the Government of Manitoba with respect to funding options
- d. Our February communication will also include details on implementation of file maintenance fee

How can CAFAC families assist us in the meantime? Please respect the time of the remaining CAFAC staff. The best use of their time is completing adoption files for families at a very vulnerable stage of their adoption process. Communications about fees, finances, and the general future of CAFAC need to be addressed to the Board of CAFAC at inquiries@cafac.ca who will be compiling your questions and corresponding to you as a group as quickly as possible.

We feel that CAFAC has a bright future ahead of it but we do need your assistance through this next crucial time. We look forward to reporting to you shortly on the results of our recent changes and the results of our milestones as detailed above.

CAFAC Board of Directors
January 9, 2012