

MADISON ADOPTION ASSOCIATES, LTD

Notes to Financial Statements For the Years Ended December 31, 2010, 2009

Note 1 – Business Description

Madison Adoption Associates' (MAA) is a Hague accredited, non-profit 501(c)(3) organization whose mission is to bring hope, love, and a permanent family to children in need. By serving children and families through domestic and international adoption, our work is guided by the following core principles:

- Conducting our business activities with our heart first and an unwavering commitment to ethics.
- Treating each child with dignity; always acting in the best interests of the child.
- Ensuring that each adoption process is transparent, with adherence to all laws and regulations.
- Providing birth parents with caring, compassionate, nonjudgmental and confidential support.
- Recognizing the unique and precious potential of each child and each family.
- Securing stable and loving permanent families for children through pre-adoption preparation, education, and guidance.
- Committing time and resources to charitable activities that help children who are not eligible for adoption to lead stronger, safer, healthier, and more productive lives.

MAA is overseen by a board of independent trustees, most of whom hold professional degrees in fields related to the adoption process. One of the primary focuses of the Agency is to advocate for waiting children, who may otherwise be overlooked. MAA also helps adopting parents avoid improper adoption practices, such as improper fees or false representations as to international adoption requirements or processes. The agency accomplishes this by providing consulting and/or home study assessment services and by educational programs. Other priorities include training seminars for parents, mentoring and educational programs designed to foster new, legitimate adoption organizations, and sending aid to international child care organizations. Fees charged for consultation and/or home study assessment services support the Agency's charitable activities. It is also MAA's standard practice to provide grants for waiting children and families who require additional assistance. Grants are given for each waiting child depending on their age, special need and how long they have waited for a family. MAA families may also apply for additional grants through MAA based on their family's unique needs and circumstances.

MAA's placement goals are to provide for the best interests of each child, along with a strong commitment to work with the rights and wishes of the prospective families.

MAA currently offers international adoption programs in China, El Salvador, Bulgaria and Philippines. MAA can also assist with home study and post adoption services in the states of Delaware, Pennsylvania and Illinois.

To maintain standards and policies that are consistent with applicable child welfare policy and law, including, without limitation, The Convention on Protection of Children and Cooperation in respect of inter-country adoption, a multilateral treaty executed at the Hague on May 29, 1993 (the "Hague Convention"), the Inter-Country Adoption Act of 2000 (the "IAA" or Hague Law), and the implementing Regulations set forth in 22 CFR Part 96-98 dated February 15, 2006 (the "Hague Regulations"). Specifically, MAA shall abide by the principles of (i) ensuring that inter-country adoptions take place in the best interests of children; and (ii) preventing the abduction, sale or trafficking of children in connection with inter-country adoption.

Note 2- Significant Accounting Policies

These financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). This basis recognizes assets, liabilities, net assets, receipts and disbursements when they result from cash transactions with a provision for settlements pending. The basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

Depreciation is booked on the financial statements as it is deducted on the federal tax return.

Note 3 – Grants and Allocation

MAA provides prospective adoptive parents with grants to assist with costs incurred in the adoption process. Many of these families have the financial means to support and provide for a child, but the cost of adoption would prevent them from being able to bring these children home. The grants offered by MAA allow children to have loving families.

MAA also provides grants to each waiting child to draw attention to that child and encourage people to consider the referral of that particular child.

In 2010 MAA provided \$147,050 in grants to 87 families in need of assistance.

Note 4 – Principals

Aleda Price Madison is the Executive Director of Madison Adoption Associates. Aleda started the business over 29 years ago, seeking a way to bring needy children and loving families together. Her passion comes from her role as an adoptive, foster, and biological parent.

Aleda has a Bachelor's Degree from West Chester University, and has completed 32 post-graduate credits. She has provided counseling to attorneys and judges about the international adoption process, and has appeared on both daytime and primetime television as an adoption expert. Mrs. Madison has also served on the board of directors for adoption advocacy organization.

Diana Bramble is the Associate Director of Madison Adoption Associates and is the Board's Secretary and Treasurer. She began working with Madison Adoption Associates in 2002. Diana graduated from University of Delaware with a BS in Psychology, and minors in History and Spanish. She graduated with her MBA from Wilmington University and graduated with her Masters of Social Work degree from Delaware State University.

Note 5 – Board of Directors

Ms. Kimberly Lefko; Trustee
VP of Marketing

Donna Schwartz; Trustee
Adoption Advocate

Dr. America Martinez; Trustee
Professor-University of Delaware

Ms. Noreen Treacy; Trustee
Program Coordinator

Mr. Donald Temme; Trustee
Occupational Therapist

The accompanying audit letter is an integral part of these financial statements.