

MADISON ADOPTION ASSOCIATES, LTD.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

MADISON ADOPTION ASSOCIATES, LTD.

CONTENTS

	<u>Pages</u>
Independent Auditors' Report	
Financial Statements	
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis	1
Statement of Support, Revenue, and Expenses - Modified Cash Basis	2
Statement of Functional Expenses - Modified Cash Basis	3
Statement of Cash Flows - Modified Cash Basis	4
Notes to Financial Statements	5-13

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Madison Adoption Associates, Ltd.

Opinion

We have audited the accompanying financial statements of Madison Adoption Associates, Ltd. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets—modified cash basis as of December 31, 2022, and the related statements of support, revenue, and expenses—modified cash basis, functional expenses—modified cash basis, 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 assets, liabilities, and net assets of Madison Adoption Associates, Ltd. as of December 31, 2022, and its support, revenue, expenses, and cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Madison Adoption Associates, Ltd. 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditors' 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 auditors' 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 Madison Adoption Associates, Ltd.'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 Madison Adoption Associates, Ltd.'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.

Report on Summarized Comparative Information

We have previously audited Madison Adoption Associates, Ltd.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 18, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer, & Williamson, CPAs
Columbia, Illinois
May 24, 2023

MADISON ADOPTION ASSOCIATES, LTD.
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS
MODIFIED CASH BASIS
DECEMBER 31, 2022 AND 2021

ASSETS		2022	2021
CURRENT ASSETS			
Cash and cash equivalents	\$	942,833	\$ 1,107,741
Restricted Cash and cash equivalents:			
Charitable aid account		212,997	76,295
Post-placement bond account		373,538	373,427
Security deposit		2,375	2,375
		<u>1,531,743</u>	<u>1,559,838</u>
NONCURRENT ASSETS			
Investments		551,383	512,907
Property and equipment, net of accumulated depreciation		29,870	34,797
		<u>581,253</u>	<u>547,704</u>
		<u>\$ 2,112,996</u>	<u>\$ 2,107,542</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Credit card payable	\$	25,846	\$ 9,700
Accrued payroll taxes		2,027	1,382
Deferred revenues and other deposits		6,808	6,139
Deferred grants payable		57,106	85,411
Post-placement bonds payable		156,436	227,061
		<u>248,223</u>	<u>329,693</u>
NONCURRENT LIABILITIES			
Post-placement bonds payable, net of current portion		116,750	144,125
		<u>116,750</u>	<u>144,125</u>
		<u>364,973</u>	<u>473,818</u>
NET ASSETS			
Without donor restriction		1,535,025	1,557,429
With donor restriction		212,998	76,295
		<u>1,748,023</u>	<u>1,633,724</u>
		<u>\$ 2,112,996</u>	<u>\$ 2,107,542</u>

See accompanying notes and independent auditors' report

MADISON ADOPTION ASSOCIATES, LTD.
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES
MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Without Donor restriction	With Donor restriction	2022 Total	2021 Total
SUPPORT AND REVENUE				
Contributions	\$ 179,646	\$ -	\$ 179,646	\$ 53,564
Program service fees	1,445,057	185,000	1,630,057	1,889,069
PPP loan forgiveness	-	-	-	171,760
Grants	45,965	-	45,965	-
In-kind contributions	-	-	-	9,000
Total support and revenue	1,670,668	185,000	1,855,668	2,123,393
Net assets released from restrictions				
Satisfaction of restrictions	48,350	(48,350)	-	-
Total	1,719,018	136,650	1,855,668	2,123,393
EXPENSES				
Program services	1,613,264	-	1,613,264	1,740,583
Total program services	1,613,264	-	1,613,264	1,740,583
Supporting services				
General and administration	92,203	-	92,203	88,736
Fundraising	41,728	-	41,728	41,607
Total supporting services	133,931	-	133,931	130,343
Total expenses	1,747,195	-	1,747,195	1,870,926
Changes in net assets from operations	(28,177)	136,650	108,473	252,467
INVESTMENT ACTIVITIES				
Interest income	5,297	53	5,350	10,800
Unrealized gain (loss) on investments	476	-	476	(4,020)
Total investment activities	5,773	53	5,826	6,780
Changes in net assets	(22,404)	136,703	114,299	259,247
Net assets - beginning of year	1,557,429	76,295	1,633,724	1,374,477
Net assets - end of year	<u>\$ 1,535,025</u>	<u>\$ 212,998</u>	<u>\$ 1,748,023</u>	<u>\$ 1,633,724</u>

See accompanying notes and independent auditors' report

MADISON ADOPTION ASSOCIATES, LTD.
STATEMENT OF FUNCTIONAL EXPENSES
MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Program Services	General and Administration	Fundraising	2022 Total	2021 Total
Salaries and wages	\$ 751,100	\$ 41,728	\$ 41,728	\$ 834,556	\$ 832,146
Employee benefits	8,454	445	-	8,899	8,198
Payroll taxes	62,864	3,309	-	66,173	66,669
Advertising and publicity	12,415	653	-	13,068	15,610
Conferences and meetings	-	3,023	-	3,023	2,457
Contractual services	106,735	-	-	106,735	64,237
Dues and memberships	5,647	628	-	6,275	5,575
Equipment rental and maintenance	9,288	1,032	-	10,320	10,957
Foreign adoption	294,766	-	-	294,766	297,626
Grant awards and allocations:					
Domestic	13,678	-	-	13,678	14,653
Foreign	39,807	-	-	39,807	38,406
Information technology	38,776	4,309	-	43,085	47,739
Insurance	26,703	2,967	-	29,670	28,725
Miscellaneous	903	100	-	1,003	847
Occupancy costs:					
Rent	48,366	5,374	-	53,740	43,364
Utilities	2,101	233	-	2,334	2,104
Office expense and supplies	16,623	1,847	-	18,470	9,774
Postage and freight	29,394	600	-	29,994	25,888
Professional fees	-	18,812	-	18,812	15,930
Program	63,630	-	-	63,630	81,733
Telephone	7,464	829	-	8,293	10,528
Travel	12,474	1,386	-	13,860	22,531
Waived agency fees	62,076	-	-	62,076	219,744
Depreciation	-	4,928	-	4,928	5,485
Total expenses	\$ 1,613,264	\$ 92,203	\$ 41,728	\$ 1,747,195	\$ 1,870,926

See accompanying notes and independent auditors' report

MADISON ADOPTION ASSOCIATES, LTD.
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 114,299	\$ 259,247
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,928	5,485
Unrealized (gain) loss on investments	(476)	4,020
Debt forgiveness income - Paycheck Protection Program	-	(171,760)
Changes in assets and liabilities:		
(Increase) decrease in security deposit	-	415
Increase (decrease) in credit card payable	16,146	4,352
Increase (decrease) in accrued payroll taxes	644	(448)
Increase (decrease) in deferred revenues and other deposits	669	(2,535)
Increase (decrease) in deferred grants payable	(28,305)	85,411
Net cash provided by (used in) operating activities	107,905	184,187
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	1,812,000	269,000
Purchase of investments	(1,850,000)	-
Net cash provided by (used in) investing activities	(38,000)	269,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	-	171,760
Proceeds from bonds issued	23,000	61,000
Refunds of bonds payable	(121,000)	(113,000)
Net cash provided by (used in) financing activities	(98,000)	119,760
Net increase (decrease) in cash and cash equivalents	(28,095)	572,947
Cash and cash equivalents - beginning of year	1,557,463	984,516
Cash and cash equivalents - end of year	\$ 1,529,368	\$ 1,557,463

See accompanying notes and independent auditors' report

MADISON ADOPTION ASSOCIATES, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities/Program Services

Madison Adoption Associates, Ltd. (the “Organization”) is a Hague accredited, non-profit 501(c)(3) Organization whose mission is to bring hope, love, and connection by serving children, individuals and families in the areas of adoption, foster care, and support services.

The Organization is guided by the following core principles:

- Securing stable and loving permanent families for children through pre-adoption preparation, education, and guidance, support, and post adoption services.
- Conducting our activities with heart first and an unwavering commitment to ethics.
- Treating individuals with dignity and walking with them throughout their personal journey.
- Always acting in the best interests of each child.
- Ensuring that each adoption is transparent, with adherence to all laws and regulations.
- Providing expectant and birth parents with confidential, compassionate, and nonjudgmental support.
- Recognizing the unique and precious potential of each person and each family.
- Building healthy and thriving families and communities by providing educational services and therapeutic supports rooted in attachment and relational connections.
- Committing time and resources to charitable activities that assist children who are not eligible for adoption and children in foster care to lead stronger, safer, healthier, and more productive lives.

The Organization is overseen and held accountable by a board of independent trustees. The majority of the board members hold professional degrees in fields related to adoption and/or have personal experience with adoption. The Organization ensures that prospective adoptive parents do not fall victim to unethical adoption practices, such as bribes and/or other improper payment demands, as well as false representation of international adoption rules and regulations. The Organization accomplishes this by providing to each client: (1) consulting, (2) home study assessment services, and (3) educational programs. Other priorities include thorough pre-adoptive training (including but not limited to general pre-adoption topics, child specific training, as well as continuing education that goes beyond the minimum requirements set forth by federal and state regulations), mentoring and educational programs, developing new adoption programs in countries with ethical reputations, post permanency support and counseling, and providing humanitarian aid for at risk children both domestically and internationally. Fees charged for consultation and/or home study assessment services support the Organization’s charitable activities. The Organization has also adopted grant giving as standard practice for waiting children, as well as for families who require additional financial support. Grants are determined for each waiting child depending on their age, special need, and how long they have been waiting for a family, and said grant is provided to the qualified family who pursues the adoption of that child. Prospective adoptive families may also apply for additional grants through the Organization based on their family’s unique needs and circumstances.

MADISON ADOPTION ASSOCIATES, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Organization's placement goals are to provide for the best interest of each child, along with a strong commitment to work with the rights and wishes of prospective families. Currently the Organization offers international adoption programs in Bulgaria, China, Colombia, The Dominican Republic, Ecuador, the Philippines, and Thailand. The Organization can also assist with home study and post-adoption & post placement services in Delaware, Pennsylvania, New Jersey, Illinois and New York.

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 implementing Regulations set forth in 22 CFR Part 96-98 dated February 15, 2006 (the "Hague Regulations"). Specifically, the Organization shall abide by the principles of (i) ensuring that inter-country adoptions take place in the best interest of children; and (ii) preventing the abduction, sale or trafficking of children in connection with inter-country adoption.

Basis of Accounting

The financial statements of the Organization have been prepared on the modified cash basis of accounting. The modified cash basis differs from generally accepted accounting principles because certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Modifications to the cash basis include security deposit, investments, property and equipment, credit card payable, accrued payroll taxes, deferred revenues and other deposits, deferred grants payable, notes payable, and post-placement bonds payable. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with the modified cash basis of accounting. The Organization reports information regarding its financial position as activities according to the following net asset classifications:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net Assets With Donor Restrictions - Net assets that are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby that the donor has stipulated the funds be maintained in perpetuity.

MADISON ADOPTION ASSOCIATES, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of support, revenue, and expenses - modified cash basis.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Income Taxes

The Organization is exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code. Therefore, no provision is made for taxes on income.

The Organization has adopted the provisions of Accounting for Uncertainty in Income Taxes on January 1, 2013. The adoption of that guidance resulted in no change to the financial statements for prior periods. As of December 31, 2022, no amounts have been recognized for uncertain tax positions. The Organization's tax returns filed for 2019 and prior are closed.

Use of Estimates

Preparation of financial statements in conformity with the modified cash basis requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, the actual results could differ from those estimates.

Property and Equipment

Property and equipment is recorded at cost or, in the case of donated property, at its estimated fair market value on the date of the donation. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. The Organization follows the practice of capitalizing all expenditures for capital assets as assets with an initial, individual cost of \$2,500 or more and a useful life in excess of one year. Currently, assets are depreciated over useful lives ranging from 5 to 15 years. Expenditures for repairs and maintenance are charged to operating expenses as incurred.

Depreciation expense for 2022 and 2021 was \$4,928 and \$5,485, respectively.

Measure of Operations

The statement of support, revenue, and expenses - modified cash basis reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's program services and support services. Nonoperating activities are limited to resources that generate a return on investment and other activities considered to be of a more unusual and nonrecurring nature.

In-kind Contributions

The Organization recognizes donated services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to

MADISON ADOPTION ASSOCIATES, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

be purchased if not provided by donation. The Organization received none such services for 2022 and services valued at \$9,000 meeting such criteria for 2021.

Compensated Absences

Full-time and part-timed salaried employees of the Organization are entitled to paid vacations and personal days off. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying statement of financial position. The Organization's policy is to recognize the costs of compensated absences when actually paid.

Investments

The Organization has adopted "Accounting for Certain Investments Held by Non-Profit Organizations." Under the standard investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2022 and 2021 was \$13,068 and \$15,610, respectively.

NOTE 2 - OPERATING LEASES

On October 14, 2019, the Organization entered into a leasing arrangement with monthly payments of \$436 and an expiration date of October 14, 2024 for a Canon copier system.

On February 10, 2017, the Organization entered into a leasing arrangement for office space in Claymont, Delaware for a term of three years commencing March 1, 2017 and ending February 29, 2020 with a five-year renewal option of year-to-year. The Organization exercised its renewal option for the lease after the 2020 expiration and again for 2021. In September 2020, lease payments were discounted 50% from \$2,688 to \$1,344. Furthermore, the Organization renewed the lease with an additional three year agreement in September 2021. Payments under this agreement increased to \$2,768 per month in October 2021. Monthly cost then increased to \$2,850 per month in October 2022 and will increase to \$2,935 per month in October 2023.

The Organization has a leasing agreement for a security system at the aforementioned Delaware office. The system costs \$28 per month, with a term of one year, and the option to renew annually.

MADISON ADOPTION ASSOCIATES, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 - OPERATING LEASES (continued)

On September 16, 2021, the Organization also entered into a leasing arrangement with monthly base payments of \$138 and an expiration date of January 5, 2027 for a Kyocera copier system located at their Rochester, Illinois office.

The minimum future payments under the aforementioned leasing arrangements are:

For the year ending December 31:

2023	\$ 41,679
2024	32,431
2025	1,656
2026	1,656
2027	138
Total	<u>\$ 77,560</u>

The Organization also leases office space in Wilmington, Delaware, and Rochester, Illinois on a month-to-month basis. The monthly rents for the years ended December 31, 2022 and 2021 are \$950 and \$700, respectively.

Total lease expenses for the years ended December 31, 2022 and 2021 are \$53,740 and \$43,364, respectively.

NOTE 3 - PENSION PLAN

The Organization sponsors a Simple IRA pension plan. The plan covers all qualifying employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. The Organization makes a matching contribution equal to 3.00% of eligible employee compensation. The plan contributed a total of \$8,899 and \$8,198 for the years ended December 31, 2022 and 2021, respectively.

NOTE 4 - NON-CASH CONTRIBUTIONS

Donations of property and equipment are recorded as contributions without donor restrictions at their estimated fair value as of the date of the donation unless the donor restricted the donated capital asset for a specific purpose. The capital assets donated with explicit donor restrictions regarding their use, and contributions of cash that are used to acquire capital assets, are reported as donor restricted contributions. Absent donor stipulations regarding how long those donated capital assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired capital assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at the time. The Organization received \$0 in non-cash contributions for the year ended December 31, 2022 and \$9,000 in non-cash contributions for the year ended December 31, 2021.

MADISON ADOPTION ASSOCIATES, LTD.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022 AND 2021

NOTE 5 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing programs and other activities have been summarized on a functional basis in the statements of support, revenue, and expenses - modified cash basis. Accordingly, certain costs have been allocated between fundraising, administration, or program services based on evaluations of the related benefits. Such allocations are determined by management on an equitable basis. Expenditures have been allocated based on time and effort or specific identification, when available.

NOTE 6 - NOTE PAYABLE

In March 2021, the Organization received loan proceeds in the amount of \$171,760 under the Paycheck Protection Program (“PPP”). The PPP is administered by the Small Business Administration. The loan and accrued interest (1%) are forgivable after eight to twenty-four weeks as long as the organization used the loan proceeds for eligible purposes, such as payroll, benefits, rent, and utilities. In November 2021, the entire loan balance was forgiven and recognized as PPP loan forgiveness on the statement of support, revenue, and expenses – modified cash basis.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions as of December 31, 2022 and 2021 are restricted as follows:

	2022		2021	
	Purpose	Period	Purpose	Period
Contributions for Humanitarian and Charitable Aid	\$ 212,998	\$ -	\$ 76,295	\$ -
Total	<u>\$ 212,998</u>	<u>\$ -</u>	<u>\$ 76,295</u>	<u>\$ -</u>

NOTE 8 - POST-PLACEMENT BOND PAYABLE

The Organization holds post-placement bonds collected from qualifying families (\$1,000 each) to ensure that all post-adoption reporting is completed. Upon the successful completion of the post-adoption reporting requirements, the bond is refunded. Post-placement bond payable balances are \$273,186 and \$371,186 as of December 31, 2022 and 2021, respectively. The Organization classifies the current portion of the post-placement bond payable as the estimated balance to be refunded within the next calendar year. As of December 31, 2022 and 2021 the current portion of the post-placement bond payable is estimated to be \$156,436 and \$227,061, respectively.

MADISON ADOPTION ASSOCIATES, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 9 - AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets as of December 31, 2022 and 2021:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,529,368	\$ 1,557,463
Investments	551,383	512,907
Total financial assets at year-end	2,080,751	2,070,370
Less amounts not available to be used within one year:		
Cash restricted for post-placement bond payable	373,538	373,427
Net assets with period restrictions in excess of one year	-	-
Net assets with purpose restrictions	212,998	76,295
Total amounts not available to be used within one year	586,536	449,722
Financial assets available to meet general expenditures over the next twelve months	\$ 1,494,215	\$ 1,620,648

NOTE 10 - WAIVED AGENCY FEES

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

Grants are based on the financial status of the adoptive family, and on the circumstances of each child being adopted. Grants are allocated in the form of agency fee reductions or “waived agency fees.” The Organization also provides support to other foundations that provide grants for adoptive families.

The Organization provides grants to each waiting child to draw attention to that child and encourage people to consider the referral of that particular child. Fee reductions are applied to families meeting certain predetermined criteria.

In 2022 and 2021, the Organization provided a total of \$62,076 and \$219,744 in waived agency fees to 61 and 93 families in need of financial assistance, respectively.

MADISON ADOPTION ASSOCIATES, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 11 - CONCENTRATION OF CREDIT RISK

The Organization maintains various deposit accounts at PNC Bank. Each depositor is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2022 and 2021, the Organization’s bank balance at PNC Bank exceeded the federally insured limit by \$1,058,817 and \$1,042,190, respectively. The Organization also maintains an account with PNC Investments. As of December 31, 2022 and 2021, the cash portion of the holdings at this institution exceeded the federally insured limit by \$2,907 and \$35,876, respectively. The investment portion of the holdings at PNC Investments are held in individual Program Bank accounts and are each fully covered by FDIC insurance.

NOTE 12 - PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2022 and 2021 follows:

	2022	2021
Furniture and equipment	\$ 6,174	\$ 6,174
Leasehold improvements	71,199	71,199
Total property and equipment	77,373	77,373
Accumulated depreciation	(47,503)	(42,576)
Total depreciable assets, net	\$ 29,870	\$ 34,797

NOTE 13 - INVESTMENTS

Fair Value Measurements

Financial Accounting Standards Board Statement, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy under Fair Value Measurements are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

MADISON ADOPTION ASSOCIATES, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 13 - INVESTMENTS (continued)

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022.

Certificates of deposit: Valued at an estimated fair market value, as calculated by the investment brokerage.

The valuation methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The following tables sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022 and 2021:

		2022			
		Level 1	Level 2	Level 3	Total
Certificates of deposit		\$ -	\$ 551,383	\$ -	\$ 551,383
Total		\$ -	\$ 551,383	\$ -	\$ 551,383
		2021			
		Level 1	Level 2	Level 3	Total
Certificates of deposit		\$ -	\$ 512,907	\$ -	\$ 512,907
Total		\$ -	\$ 512,907	\$ -	\$ 512,907

NOTE 14 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 24, 2023, the date which the financial statements were available for issue, and noted no reportable events.