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## INDEPENDENT AUDITOR'S REPORT

To: Euroasian Adoption Consultants of Illinois, Inc.

I have audited the accompanying statement of assets, liabilities, and net assets – modified cash basis of Euroasian Adoption Consultants of Illinois, Inc. (a nonprofit organization) as of December 31, 2008, and the related statements of revenue, expenses and net assets – modified cash basis for the year then ended. These financial statements are the responsibility of Euroasian Adoption Consultants of Illinois, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note A, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Euroasian Adoption Consultants of Illinois, Inc. as of December 31, 2008, and its support, revenue, and expenses for the year then ended, on the basis of accounting described in Note A.



North Royalton, Ohio  
June 19, 2009

EUROASIAN ADOPTION CONSULTANTS OF ILLINOIS, INC.  
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS  
DECEMBER 31, 2008

ASSETS

Current Assets

Cash \$ 17,062

Other Assets

Organization Expense \$ 21,741

Deposit 800 22,541

Total Assets \$ 39,603

NET ASSETS

Current Liabilities

Loan Payable \$ 53,050

Unearned Fees 23,004

Long-Term Liabilities \$ 76,054

Unearned Fees 16,212

Net Assets

Donated Capital 5,482

Unrestricted Net Assets (deficit) (58,145)

TOTAL LIABILITIES AND NET ASSETS \$ 39,603

See Accountant's Report

EUROASIAN ADOPTION CONSULTANTS OF ILLINOIS, INC.  
STATEMENT OF REVENUES, EXPENSES AND NET ASSETS  
YEAR ENDED DECEMBER 31, 2008

REVENUES

Fee Income	\$ 58,095
Interest	<u>27</u>
	58,122
Refunds	<u>(6,750)</u>
Net Revenues	\$ 51,372

DIRECT EXPENSES

Social Work/Homestudy	26,907
Post Adoption	<u>16,116</u>
Total Direct Expenses	<u>43,023</u>

Gross Profit Before Operating Expenses 8,349

OPERATING EXPENSES

Operating Expenses (Schedule A) 40,485

Net Loss for Year Ended December 31, 2008 (32,136)

Unrestricted Net Assets - December 31, 2007 (26,009)

Unrestricted Net Assets - December 31, 2008 \$ (58,145)

See Accountant's Report

EUROASIAN ADOPTION CONSULTANTS OF ILLINOIS, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Net Loss	\$ (32,136)
Increase in Deposit	\$ (800)
Decrease in Unearned Fees	<u>(10,254)</u>
Net Cash Used By Operating Activites	(43,190)
Net Cash Provided by Financing Activities	
New Borrowings	33,050
Net Cash Provided By Investing Activities	<u>-0-</u>
Net Decrease in Cash and Cash Equivalents	(10,140)
<u>Cash &amp; Equivalents at Beginning of Period</u>	<u>27,202</u>
<u>Cash &amp; Equivalents at End of Period</u>	<u>\$ 17,062</u>
Taxes Paid	<u>\$ 0</u>
Interest Paid	<u>\$ 0</u>

See Accountant's Report

EUROASIAN ADOPTION CONSULTANTS OF ILLINOIS, INC.  
STATEMENT OF REVENUES AND EXPENSES  
YEAR ENDED DECEMBER 31, 2008

SCHEDULE A

OPERATING EXPENSES

Bank Service Charges	\$ 260
Delivery Expense	1,019
Insurance	2,850
Licenses & Fees	159
Office Expense	991
Payroll Taxes	2,764
Professional Fees	6,221
Rent	10,255
Salaries	13,154
Telephone	2,404
Travel	<u>408</u>
 Total Operating Expenses	 <u>\$ 40,485</u>

See Accountant's Report

EUROASIAN ADOPTION CONSULTANTS OF ILLINOIS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT POLICIES

This summary of significant accounting policies of Euroasian Adoption Consultants of Illinois, Inc. is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

NATURE OF OPERATIONS

The Company began operations on August 1, 2007 for the purpose of providing home study and post adoption services and childcare classes to adoptees in the state of Illinois.

INCOME TAXES

The Company is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Company considers any short-term debt securities purchased with maturity of three months or less to be cash equivalents.

USE OF ESTIMATES

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

EUROASIAN ADOPTION CONSULTANTS OF ILLINOIS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008

METHOD OF ACCOUNTING

The Company uses the modified cash basis of accounting, which is a departure from generally accepted accounting principles. Income is recognized when it is received rather than when earned and expenses are recognized when paid rather than when incurred. The Company's modified cash basis of accounting differs from the cash basis in that certain assets are capitalized rather than being expensed in the year of purchase, and certain revenue received is not recognized as income until earned.

NOTE B – LEASING ARRANGEMENTS

The Company conducts its operations from facilities that are leased under a non-cancelable operating lease expiring in November 2011. There is an option to renew the lease for an additional period at an increased monthly rental. The future minimum rental payments required under the above operating lease until its expiration are:

2009	\$ 9,600
2010	9,600
2011	<u>8,800</u>
Total	<u>\$ 28,000</u>

NOTE C – CONCENTRATIONS

The majority of the Company's revenue is received from services provided to clients of an Ohio corporation.

NOTE D – LOAN PAYABLE

This loan is unsecured and is payable upon demand to an Ohio corporation without interest.