

THE BABY FOLD
Normal, Illinois

**FINANCIAL REPORT AND
SUPPLEMENTAL INFORMATION**
June 30, 2008

THE BABY FOLD

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Independent Auditor's Report

Board of Directors
The Baby Fold
Normal, Illinois

We have audited the accompanying statement of financial position of The Baby Fold as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2007 financial statements and our report dated November 5, 2007 expressed an unqualified opinion on those financial statements.

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. Those standards require that we 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Baby Fold as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2008 on our consideration of The Baby Fold'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information on pages 24 through 36 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is presented fairly, in all material respects, in relation to the basic financial statements taken as a whole.

The statistical information included on page 37 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Clifton Henderson LLP

Peoria, Illinois
November 11, 2008

THE BABY FOLD
STATEMENT OF FINANCIAL POSITION
June 30, 2008
(With Comparative Totals for 2007)

ASSETS	<u>Operating</u>
Cash and cash equivalents	\$ 915,129
Accounts receivable	1,286,455
Pledges receivable (Note 3)	-
Food inventory	11,452
Prepaid expenses	116,744
Accrued interest receivable	-
Investment securities, at fair value (Note 4)	-
Grain inventories, at fair value	-
Investments in real estate (Note 5)	-
Investments held in trust by others, at fair value (Note 6)	-
Cash value of life insurance	-
Land, buildings, and equipment, net (Note 7)	8,417,122
Unamortized bond fees	<u>30,424</u>
 TOTAL ASSETS	 <u>\$ 10,777,326</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	\$ 227,064
Accrued expenses	825,068
Pension payable (Note 12)	416,607
Deferred revenue - annuity contracts	-
Deferred revenue - program	3,868
Obligations under capital lease (Note 10)	103,225
Bonds payable (Note 8)	<u>3,036,731</u>
Total liabilities	<u>4,612,563</u>
 NET ASSETS	
Unrestricted	6,164,763
Unrestricted - designated for investment by Organization's by-laws	-
Temporarily restricted (Note 11)	-
Permanently restricted (Note 11)	-
Total net assets	<u>6,164,763</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 10,777,326</u>

<u>Unrestricted Fund</u>		<u>Temporarily Restricted Fund</u>	<u>Permanently Restricted Fund Endowment</u>	<u>Total 2008</u>	<u>Total (Memorandum Only) 2007</u>
<u>Investment</u>	<u>Total</u>				
\$ 153,419	\$ 1,068,548	\$ 10,000	\$ -	\$ 1,078,548	\$ 980,190
-	1,286,455	-	-	1,286,455	1,138,633
27,334	27,334	-	-	27,334	36,402
-	11,452	-	-	11,452	12,081
3,332	120,076	-	-	120,076	154,394
13,606	13,606	-	-	13,606	18,130
4,413,560	4,413,560	-	313,328	4,726,888	5,651,945
54,304	54,304	-	-	54,304	40,230
1,625,106	1,625,106	-	114,500	1,739,606	1,739,606
-	-	-	2,702,177	2,702,177	2,893,570
13,363	13,363	-	-	13,363	12,515
-	8,417,122	-	-	8,417,122	8,800,164
-	30,424	-	-	30,424	34,326
<u>\$ 6,304,024</u>	<u>\$ 17,081,350</u>	<u>\$ 10,000</u>	<u>\$ 3,130,005</u>	<u>\$ 20,221,355</u>	<u>\$ 21,512,186</u>
\$ -	\$ 227,064	\$ -	\$ -	\$ 227,064	\$ 201,110
13,599	838,667	-	-	838,667	790,181
-	416,607	-	-	416,607	432,236
184,767	184,767	-	-	184,767	179,781
-	3,868	-	-	3,868	47,129
-	103,225	-	-	103,225	138,684
-	3,036,731	-	-	3,036,731	3,338,468
<u>198,366</u>	<u>4,810,929</u>	<u>-</u>	<u>-</u>	<u>4,810,929</u>	<u>5,127,589</u>
-	6,164,763	-	-	6,164,763	6,067,837
6,105,658	6,105,658	-	-	6,105,658	6,995,362
-	-	10,000	-	10,000	-
-	-	-	3,130,005	3,130,005	3,321,398
<u>6,105,658</u>	<u>12,270,421</u>	<u>10,000</u>	<u>3,130,005</u>	<u>15,410,426</u>	<u>16,384,597</u>
<u>\$ 6,304,024</u>	<u>\$ 17,081,350</u>	<u>\$ 10,000</u>	<u>\$ 3,130,005</u>	<u>\$ 20,221,355</u>	<u>\$ 21,512,186</u>

The accompanying notes are an integral part of the financial statements.

THE BABY FOLD
STATEMENT OF ACTIVITIES
Year Ended June 30, 2008
(With Comparative Totals for 2007)

	Operating
REVENUE, GAINS, AND OTHER SUPPORT	
Contributions	\$ 165,333
Fees	83,891
Fees from governmental agencies	8,594,451
Grants from governmental agencies	4,144,425
Net investment income (Note 4)	-
In-kind contributions	7,939
Other	64,428
Total revenue, gains, and other support	13,060,467
EXPENSES	
Program services:	
Residential Treatment Center	3,464,385
Hammitt School	3,047,856
Partners County Outreach	90,158
Training and Consultation	15,276
Hammitt High School	2,002,683
Education Outreach	53,744
Adoption	220,854
Foster Traditional/HRM Care	1,464,434
Foster Specialized Care	72,401
Foster Professional Care	842,580
Pregnancy Counseling	-
Keeping the Promise	433,018
Healthy Start	266,755
Project Choices	55,916
Intact Family Services	148,386
Second Chance Renters	45,069
Family Support Initiative	164,491
Life Skills Training	28,548
Therapeutic stabilization	184,623
KTP Respite	45,674
Horizons Counseling	84,500
Learning Institute	54,233
Total	12,785,584
Support services:	
Management and general	1,532,377
Public relations	-
Annuity payments	-
Total	1,532,377
Total expenses	14,317,961
Increase (decrease) in net assets	(1,257,494)
TRANSFERS IN (OUT)	
Operating Fund from Investment Fund	1,331,494
PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST	
	22,926
EFFECT OF ADOPTION OF RECOGNITION PROVISIONS OF FASB STATEMENT NO. 158	
	-
Total change in net assets	96,926
NET ASSETS	
Beginning of year, as previously reported	6,067,837
Restatement of investments held in trust by others (Note 2)	-
Beginning of year, as restated	6,067,837
End of year	\$ 6,164,763

<u>Unrestricted Fund</u>		<u>Temporarily Restricted Fund</u>	<u>Permanently Restricted Fund Endowment</u>	<u>Total 2008</u>	<u>Total (Memorandum Only) 2007</u>
<u>Investment</u>	<u>Total</u>				
\$ 444,607	\$ 609,940	\$ 10,000	\$ -	\$ 619,940	\$ 784,487
-	83,891	-	-	83,891	72,190
-	8,594,451	-	-	8,594,451	7,798,341
-	4,144,425	-	-	4,144,425	3,772,324
182,652	182,652	-	-	182,652	1,094,920
410	8,349	-	-	8,349	22,906
360,159	424,587	-	(191,393)	233,194	668,137
<u>987,828</u>	<u>14,048,295</u>	<u>10,000</u>	<u>(191,393)</u>	<u>13,866,902</u>	<u>14,213,305</u>
-	3,464,385	-	-	3,464,385	3,439,101
-	3,047,856	-	-	3,047,856	3,205,805
-	90,158	-	-	90,158	87,700
-	15,276	-	-	15,276	42,189
-	2,002,683	-	-	2,002,683	1,134,654
-	53,744	-	-	53,744	56,718
-	220,854	-	-	220,854	248,222
-	1,464,434	-	-	1,464,434	1,358,101
-	72,401	-	-	72,401	93,595
-	842,580	-	-	842,580	748,270
-	-	-	-	-	19,983
-	433,018	-	-	433,018	393,663
-	266,755	-	-	266,755	271,556
-	55,916	-	-	55,916	62,530
-	148,386	-	-	148,386	208,283
-	45,069	-	-	45,069	53,983
-	164,491	-	-	164,491	152,375
-	28,548	-	-	28,548	27,806
-	184,623	-	-	184,623	142,896
-	45,674	-	-	45,674	31,241
-	84,500	-	-	84,500	18,020
-	54,233	-	-	54,233	-
-	<u>12,785,584</u>	-	-	<u>12,785,584</u>	<u>11,796,691</u>
45,997	1,578,374	-	-	1,578,374	1,492,432
491,894	491,894	-	-	491,894	470,013
8,147	8,147	-	-	8,147	15,776
<u>546,038</u>	<u>2,078,415</u>	-	-	<u>2,078,415</u>	<u>1,978,221</u>
546,038	14,863,999	-	-	14,863,999	13,774,912
441,790	(815,704)	10,000	(191,393)	(997,097)	438,393
(1,331,494)	-	-	-	-	-
-	22,926	-	-	22,926	-
-	-	-	-	-	(471,621)
<u>(889,704)</u>	<u>(792,778)</u>	<u>10,000</u>	<u>(191,393)</u>	<u>(974,171)</u>	<u>(33,228)</u>
6,995,362	13,063,199	-	3,321,398	16,384,597	17,020,062
-	-	-	-	-	(602,237)
<u>6,995,362</u>	<u>13,063,199</u>	-	<u>3,321,398</u>	<u>16,384,597</u>	<u>16,417,825</u>
<u>\$ 6,105,658</u>	<u>\$ 12,270,421</u>	<u>\$ 10,000</u>	<u>\$ 3,130,005</u>	<u>\$ 15,410,426</u>	<u>\$ 16,384,597</u>

The accompanying notes are an integral part of the financial statements.

THE BABY FOLD
STATEMENT OF CASH FLOWS
Year Ended June 30, 2008
(With Comparative Totals for 2007)

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (974,171)	\$ (33,228)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	580,832	554,872
Amortization of bond fees	3,902	3,902
(Gain) loss on investments, realized and unrealized	290,657	(732,080)
Gain on disposal of fixed assets	-	(8,262)
Increase in cash value of life insurance	(848)	(412)
Unrealized (gain) loss on trust held by others	191,393	(227,613)
Changes in operating assets and liabilities:		
Accounts receivable	(147,822)	156,422
Pledges receivable	9,068	4,834
Inventories, food and grain	(13,445)	(8,527)
Prepaid expenses	34,318	(19,956)
Accrued interest receivable	4,524	(389)
Intangible pension asset	-	50,113
Accounts payable and accrued expenses	74,440	73,163
Pension payable	(15,629)	417,188
Deferred revenue - annuity contracts	4,986	(2,330)
Deferred revenue - program	(43,261)	13,320
	<u>(1,056)</u>	<u>241,017</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(2,419,780)	(2,445,967)
Proceeds from sale of investment securities	3,054,180	3,018,082
Purchase of property and equipment	(197,790)	(239,623)
Proceeds from sale of property and equipment	-	8,262
	<u>436,610</u>	<u>340,754</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from revolving line of credit	180,000	-
Principal payments on revolving line of credit	(180,000)	-
Principal payments on obligations under capital lease	(35,459)	(32,609)
Principal payments on bonds payable	(301,737)	(287,013)
	<u>(337,196)</u>	<u>(319,622)</u>

THE BABY FOLD
STATEMENT OF CASH FLOWS
Year Ended June 30, 2008
(With Comparative Totals for 2007)

	<u>2008</u>	<u>2007</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 98,358	\$ 262,149
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>980,190</u>	<u>718,041</u>
End of year	<u>\$ 1,078,548</u>	<u>\$ 980,190</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 183,086</u>	<u>\$ 199,345</u>

The accompanying notes are an integral part of the financial statements.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Nature of Activities

The Baby Fold (Organization) is a not-for-profit organization whose mission embodies Christian principles to help families and children develop the hope, courage, and love they need to become whole and healthy. Their vision is to strengthen community through transformed lives.

(b) Financial Statement Presentation

The Organization reports in accordance with the American Institute of Certified Public Accountants Audit and Accounting Guide, *Not-for-Profit Organizations*. Under the terms of that guide, the accounting policies unique to voluntary health and welfare organizations are followed.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Unrestricted net assets: Net assets not subject to donor-imposed stipulations.

(c) Revenue Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported in the statements of activities as net assets released from restrictions.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Revenue Recognition (Continued)

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions received with donor-imposed restrictions and the related gains and investment income that are met in the same year as received are reported as unrestricted revenues. Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as unrestricted revenues. Contributions of cash or other assets to be used to acquire property and equipment with such donor stipulations are reported as temporarily restricted revenues; the restrictions are considered to be released at the time of acquisition of such long-lived assets. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fund raising activity.

Income and net gains (losses) on investments are reported as follows:

- As increases in permanently restricted net assets if the terms of the gift or the Board of Directors' interpretation of relevant state law require that they be added to the principal of a permanent endowment fund;
- As increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income; and
- As increases in unrestricted net assets in all other cases.

Contributions of donated noncash assets are recorded at their fair value in the period received.

Contributions of services shall be recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

(e) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(f) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash equivalents are defined as all highly liquid instruments with a maturity of three months or less.

(g) Accounts Receivable

Accounts receivable represent amounts due from state and federal agencies for services provided under various grant contracts and amounts due from local governmental entities for tuition. Accounts receivable are stated at the invoice amount, net of accounts determined to be uncollectible and specifically written off.

Payments of accounts receivable are applied to the specific invoices or amounts billed to awarding agencies.

(h) Investment Securities

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at fair value in the statement of financial position and realized and unrealized gains and losses are reflected in the statement of activities. The gain or loss on the sale of a security is based upon the adjusted cost of the specific security. Unrealized losses that are deemed to be other than temporary are reflected in the statement of activities.

(i) Grain Inventories

Grain inventories are stated at fair value.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Investment in Real Estate

Investment in real estate is carried at cost or estimated fair value at the date of receipt.

(k) Land, Buildings, and Equipment

Buildings and equipment are stated at cost or at its estimated fair value at date of donation, if received as a gift, less accumulated depreciation. Equipment under capital lease is stated at the present value of minimum lease payments and is depreciated on the straight-line method over the useful life of the asset. The depreciation expense on assets acquired under capital leases is included with depreciation expense on owned assets. Depreciation is provided over the following estimated useful lives of the respective assets on a straight-line basis:

	<u>Years</u>
Buildings and improvements	10-35
Office furniture and equipment	5-10
Machinery and equipment	7-10
Transportation equipment	3-5

(l) Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

(m) Unamortized Bond Fees

Bond fees are amortized using the straight-line method over the life of the bond issue, which is 17 years.

(n) Deferred Revenue

Deferred revenue - annuity contracts is recorded as a liability when the contribution is received. This revenue will be recognized as income upon the death of the annuitant. Payments to the annuitant are reported as an expense of the Unrestricted Investment Fund when paid.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Deferred Revenue (Continued)

Deferred revenue - program is excess program revenue received for which related expense has not been incurred.

(o) Income Tax Status

The Organization is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

(p) Prior Year Summarized Information

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 June 30, 2007, from which the summarized information was derived.

NOTE 2 - RESTATEMENT

During the year ended June 30, 2008, the Organization became aware that an investment held in trust by others was improperly reported. Through examination of legal documentation, the Organization realized that they had improperly reported one-third of the fair value of the trust as an asset of the Organization; however, the trust agreement states The Baby Fold is only entitled to one-third of the excess net income generated by the trust each year. The Organization's net assets as of July 1, 2006 have been restated in order to correct this error. The effect of the restatement on the June 30, 2007 financial statements was as follows:

Statement of Activities

Decrease in beginning of year net assets, as previously reported	\$ 602,237
Decrease in other revenues and gains	156,245
Decrease in end of year net assets	758,482

Statement of Financial Position

Decrease in investments held in trust by others, at fair value	\$ 758,482
Decrease in permanently restricted net assets	758,482

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable are recognized when the donor makes an unconditional promise to give to the Organization. These contributions have been included in the Unrestricted Investment Fund. At June 30, 2008, the Organization has unconditional contributions receivable as follows:

Due within 1 year \$ 27,334

This does not include support to be provided by additional program funding from the State of Illinois.

NOTE 4 - INVESTMENT SECURITIES

Investment securities are presented in the financial statements at fair value. The following reflects the cost and fair value of investment securities at June 30, 2008:

	<u>Cost</u>	<u>Fair Value</u>	<u>Excess of Fair Value Over (Under) Cost</u>
Corporate bonds	\$ 525,561	\$ 515,620	\$ (9,941)
Corporate stocks	2,691,821	3,076,947	385,126
Government securities	<u>1,113,337</u>	<u>1,134,321</u>	<u>20,984</u>
Total end of year	<u>\$ 4,330,719</u>	<u>\$ 4,726,888</u>	<u>\$ 396,169</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2008:

	<u>Unrestricted</u>
Securities - interest	\$ 91,212
Dividends - corporate stocks	72,717
Realized gain on sale of investments	534,388
Net unrealized loss on investments	<u>(825,045)</u>
Investment loss from securities	(126,728)
Net farm rental income	350,753
Investment fees	<u>(41,373)</u>
Net investment income	<u>\$ 182,652</u>

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 5 - INVESTMENTS IN REAL ESTATE

The Organization has acquired real estate as beneficiary under various wills and trusts established by individuals. The following reflects the real estate holdings:

<u>Description</u>	<u>Fair Value at Date of Gift</u>	<u>Estimated Fair Value at June 30, 2008</u>
Lorraine Waters - 152 acres	\$ 340,988	\$ 803,215
Bruce Goodin - 173 acres	51,580	931,950
Maude Burton - 204 acres	61,200	1,004,700
Mary J. Cornell - 160 acres	56,000	788,000
Eva Casey - 133 acres	63,986	686,400
Alta Johnston - 229 acres	114,500	1,248,050
Rosetta Fox Courtney - 112 acres	55,730	356,672
Irene Blum - 80 acres	200,485	500,000
T. George Baker - 240 acres	663,600	1,129,175
William C. Decker - 60 acres	<u>131,537</u>	<u>273,000</u>
Total	<u>\$ 1,739,606</u>	<u>\$ 7,721,162</u>

NOTE 6 - INVESTMENTS HELD IN TRUST BY OTHERS

The Organization receives cash distributions from the trusts listed below. In accordance with the trust agreements, the principal is generally retained by the trust in perpetuity with the income being distributed periodically.

The following values for each trust represent the Organization's share of the fair value of the trust at June 30, 2008 as provided by the outside fiscal agent.

James B. Kennedy Trust	\$ 337,912
O.V. Douglass	120,085
Charles Ockerman Trust	189,463
Bessie Row Trust	39,064
Nina Bozarth Trust	305,635
Maude Scranton Trust	487,321
Thaddeus Stubblefield Trust	18,657
Genevieve Moyer Trust	319,062
Thomas Campbell	<u>884,978</u>
Total investments held in trust by others	<u>\$ 2,702,177</u>

**THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 6 - INVESTMENTS HELD IN TRUST BY OTHERS (CONTINUED)

The income from these trusts for the year has been included as other revenue in the statement of activities as both unrestricted revenue in the Investment Fund and permanently restricted revenue in the Endowment Fund as follows:

Cash distributions (unrestricted)	\$ 85,576
Decrease in fair value (permanently restricted)	<u>(191,393)</u>
	<u>\$ (105,817)</u>

NOTE 7 - LAND, BUILDINGS, AND EQUIPMENT

The following is a summary of land, buildings, and equipment at June 30, 2008:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>	<u>Current Year Depreciation</u>
Land and improvements	\$ 650,975	\$ 83,954	\$ 567,021	\$ 9,432
Buildings	12,293,175	4,902,482	7,390,693	402,689
Equipment:				
Office furniture, data processing, and other equipment	1,663,108	1,303,695	359,413	127,228
Audio-visual and miscellaneous tools and equipment	72,451	60,359	12,092	2,670
Transportation equipment	<u>418,754</u>	<u>330,851</u>	<u>87,903</u>	<u>38,813</u>
Totals	<u>\$15,098,463</u>	<u>\$ 6,681,341</u>	<u>\$ 8,417,122</u>	<u>\$ 580,832</u>

**NOTE 8 - BONDS PAYABLE (TOWN OF NORMAL - SPECIAL FACILITY REVENUE BONDS
SERIES 1999 - THE BABY FOLD PROJECT)**

Bonds payable as of June 30, 2008 consists of the following:

Bonds payable due in various annual installments through March 2016, including interest at 5.13 percent, payable on March 1 and September 1 of each year. Original issue of \$7,500,000.

\$ 3,036,731

Interest paid on the bonds for the year ended June 30, 2008 was \$171,263.

**THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

**NOTE 8 - BONDS PAYABLE (TOWN OF NORMAL - SPECIAL FACILITY REVENUE BONDS
SERIES 1999 - THE BABY FOLD PROJECT) (CONTINUED)**

Annual maturities of bonds payable are as follows:

Year ending June 30:	
2009	\$ 317,216
2010	333,489
2011	350,597
2012	368,582
2013	387,491
2014 and thereafter	<u>1,279,356</u>
Total	<u>\$ 3,036,731</u>

The bond agreement includes certain restrictive covenants, including a covenant relating to additional debt, encumbrance of investments, disposal of substantially all of the Organization's assets, and covenants relating to the financial position of the Organization.

The Organization has the right to prepay all or a portion of the principal on any interest payment date (March 1 and September 1) by giving written notice to the bond holder.

NOTE 9 - NOTE PAYABLE

During the year ended June 30, 2008, the Organization entered into a \$350,000 revolving line of credit agreement with the First State Bank of Bloomington. Amounts drawn against the line of credit are due on December 31, 2008 and bear interest at the bank's prime rate less one percent. The line of credit is collateralized by deposit accounts with the First State Bank of Bloomington. At June 30, 2008, there was no balance drawn on the line of credit.

NOTE 10 - OBLIGATIONS UNDER CAPITAL LEASE

The Organization is leasing certain equipment under various capital leases which expire at various times through February 2011. These capital lease agreements contain bargain purchase options at the end of the lease. A summary of the equipment under capital leases at June 30, 2008 is as follows:

Cost	\$ 184,129
Accumulated depreciation	<u>65,760</u>
Net book value	<u>\$ 118,369</u>

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 10 - OBLIGATIONS UNDER CAPITAL LEASE (CONTINUED)

Future minimum lease payments under these leases are as follows:

2009	\$ 45,968
2010	45,968
2011	<u>24,487</u>
Total minimum lease payments	116,423
Less amount representing interest	<u>13,198</u>
Present value of minimum lease payments	<u>\$ 103,225</u>

NOTE 11 - RESTRICTED NET ASSETS

The following grants and contributions have been permanently restricted for investment in perpetuity with income earned available to support operations.

Permanently restricted:

Robert Thomas	\$ 14,425
Alta W. Johnston	114,500
Catharine Bell	260,163
Friends of the Fold	5,256
Charles Prussner	20,000
Luella E. Schultze	2,000
Dora Myers	11,484
Investments held in trust by others (Note 6)	<u>2,702,177</u>

Total permanently restricted net assets **\$ 3,130,005**

Temporarily restricted net assets are restricted for the following purpose:

Christian life coordinator	<u>\$ 10,000</u>
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THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 12 - DEFINED BENEFIT PENSION PLAN

The Organization has a noncontributory defined benefit pension plan covering all employees who meet the eligibility requirements. To be eligible, an employee must be 20-1/2 years of age and have completed 6 months of service. The plan provides benefits based on the highest consecutive 5 year average salary over the 10 years prior to retirement age. Retirement benefits are reduced if an employee retires before age 65 and has worked less than 15 years. The Organization's funding policy is to make an annual contribution in accordance with the actuarial computation provided by the plan's actuary.

The Organization also has a 403(b) plan to which employees may contribute. The Board of Trustees determines annually if any matching contributions will be made by the Organization.

The amount charged to expense for the Organization's retirement plans includes \$220,329 of defined benefit pension expense and \$77,583 for matching the employees' contributions to their 403(b) plan.

The Organization uses a June 30 measurement date for the plan.

Net pension cost for the Organization's defined benefit pension plan consisted of the following components for the year ended June 30, 2008:

Service cost	\$ 223,640
Interest cost	157,134
Expected return on plan assets	(186,649)
Amortization of transition obligation	2,645
Amortization of prior service cost	6,782
Recognition of net loss	<u>16,777</u>
Net pension cost	<u><u>\$ 220,329</u></u>

Weighted-average assumptions used to determine net pension cost:

Discount rate	5.75%
Expected long-term rate of return	7.75%
Rate of compensation increase	2.50%

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The following sets forth the plan's funded status and the amounts recognized in the financial statements at June 30, 2008:

	<u>Pension Benefits</u>
Projected benefit obligation	\$ (2,944,330)
Fair value of plan assets	<u>2,527,723</u>
Funded status	<u>\$ (416,607)</u>
Weighted-average assumptions used to determine benefit obligations:	
Discount rate	6.0%
Rate of compensation increase	2.50%
Employer contribution	<u>\$ 213,032</u>
Benefits paid	<u>\$ 35,283</u>

The accumulated benefit obligation was \$2,497,951 at June 30, 2008.

Plan Assets

The Baby Fold's pension plan asset allocations at June 30, 2008, by asset category, are follows:

Equity securities	58%
Fixed income securities	40%
Cash and cash equivalents	2%

The Organization's target asset allocation as of June 30, 2008, by asset category, is as follows:

Asset Category

Equity securities	15-70%
Fixed income securities	30-75%
Cash and cash equivalents	0-25%

The Organization's investment policy includes various guidelines and procedures designed to provide that assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions. Central to the policy are target allocation ranges (shown above) by major asset categories.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Assets (Continued)

The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters, achieve asset returns that meet or exceed the plan's actuarial assumptions, and achieve asset returns that are competitive with like institutions employing similar investment strategies.

The investment policy is periodically reviewed by the Organization and a designated third-party fiduciary for investment matters. The policy is established and administered in a manner so as to comply at all times with applicable government regulations.

Contributions

The Baby Fold expects to contribute \$109,199 to the pension plan in fiscal year 2009.

Estimated Future Benefit Payments

The following benefit payments which reflect expected future service, as appropriate, are expected to be paid:

Fiscal Year

2009	\$ 30,029
2010	32,806
2011	41,792
2012	62,683
2013	71,141
2014-2018	599,821

The discount rate and expected rate of return on plan assets are critical assumptions which significantly affect pension accounting. Even relatively small changes in these rates would significantly change the recorded pension expense and accrued liability. Management believes the discount rate and expected rate of return on plan assets used in determining its year-end pension accounting are reasonable based on currently available information. However, it is at least reasonably possible that these assumed rates will be revised in the near term, based on future events and changes in circumstances.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Reconciliation of Items Not Yet Reflected in Net Periodic Benefit Cost

	<u>July 1, 2007</u>	<u>Reclassified as Net Periodic Benefit Cost</u>	<u>Amounts Arising During Period</u>	<u>June 30, 2008</u>
1. Transition asset	\$ 2,645	\$ (2,645)	\$ -	\$ -
2. Net prior service cost	43,331	(6,782)	-	36,549
3. Net loss	425,645	(16,777)	3,278	412,146

Estimated Effect in Next Fiscal Year - Items Not Yet Reflected in Net Periodic Benefit Cost

	<u>July 1, 2008</u>	<u>Estimated Amounts to be Reclassified as Net Periodic Benefit Cost</u>
1. Net prior service cost	\$ 36,549	\$ 6,782
2. Net loss	412,146	13,079

NOTE 13 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash accounts in four banks. The amounts on deposit at June 30, 2008 exceeded the federally-insured limits by \$67,052.

The Organization receives a substantial amount of its support from state government. If a significant reduction in the level of this support were to occur, it would have an adverse effect on the Organization's programs and activities.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The Organization leases office equipment and building space under various operating lease agreements. The total minimum lease payments as of June 30, 2008 are due as follows:

Year ending June 30:	
2009	\$ 26,926
2010	18,610
2011	<u>6,453</u>
Total minimum lease payments	<u>\$ 51,989</u>

The total rental expense reflected in the schedule of functional expenses is \$198,484 for the year ended June 30, 2008.

The Organization is the beneficiary under various wills and trust agreements. The total amount receivable will be recorded when clear title is established and the proceeds are measurable.

This information is an integral part of the accompanying financial statements.

THE BABY FOLD
SCHEDULE OF SUPPORT AND REVENUE
Year Ended June 30, 2008
(With Comparative Totals for 2007)

	<u>Operating</u>
PUBLIC SUPPORT AND REVENUE	
Public support:	
Contributions:	
Churches	\$ 890
Nonchurch organizations	1,000
Corporate	12,118
Individuals	3,668
Foundations	9,050
Capital campaign pledges (collected)	-
Bequests	-
United Way	138,607
Total public support	165,333
Revenue:	
Adoption service fees	43,320
DCFS home studies	31,700
Conference fees	8,871
Total revenue	83,891
Total public support and revenue	249,224
 FEES AND GRANTS FROM GOVERNMENTAL AGENCIES	
Residential purchase of service	3,081,490
Hammitt School fees	3,336,007
Hammitt High School tuition	2,161,892
Hammitt training and consultation fees	15,062
Tri-County Special Education	36,000
State and federal meals reimbursement	79,296
Adoption contracts	465,164
Foster care	2,580,460
Reunification services	-
Project Choices	54,942
Healthy Start	161,813
Education Outreach	59,728
Second Chance	23,183
Life Skills Training	14,380
Therapeutic stabilization	271,291
KTP Respite	50,000
Family Solutions	134,993
DCEO Grant	10,000
Horizons Counseling	24,009
Family Support Initiative	179,166
Total	12,738,876
 OTHER REVENUE	
Fund raising events	-
Net investment income	-
Earnings (losses) and distributions from estates in trust	-
In-kind contributions	7,939
Gain on disposal of fixed assets	-
Miscellaneous	64,428
Total	72,367
 TOTAL SUPPORT AND REVENUE	 \$ 13,060,467

<u>Unrestricted Fund</u>		<u>Temporarily Restricted Fund</u>	<u>Permanently Restricted Fund Endowment</u>	<u>Total All Funds 2008</u>	<u>Total (Memorandum Only) 2007</u>
<u>Investment</u>	<u>Total</u>				
\$ 49,533	\$ 50,423	\$ -	\$ -	\$ 50,423	\$ 57,563
16,838	17,838	-	-	17,838	17,289
22,499	34,617	-	-	34,617	11,621
229,654	233,322	10,000	-	243,322	200,322
1,000	10,050	-	-	10,050	19,149
(9,068)	(9,068)	-	-	(9,068)	(4,834)
134,151	134,151	-	-	134,151	346,820
-	138,607	-	-	138,607	136,557
<u>444,607</u>	<u>609,940</u>	<u>10,000</u>	<u>-</u>	<u>619,940</u>	<u>784,487</u>
-	43,320	-	-	43,320	38,990
-	31,700	-	-	31,700	33,200
-	8,871	-	-	8,871	-
<u>-</u>	<u>83,891</u>	<u>-</u>	<u>-</u>	<u>83,891</u>	<u>72,190</u>
<u>444,607</u>	<u>693,831</u>	<u>10,000</u>	<u>-</u>	<u>703,831</u>	<u>856,677</u>
-	3,081,490	-	-	3,081,490	3,168,849
-	3,336,007	-	-	3,336,007	3,488,185
-	2,161,892	-	-	2,161,892	1,094,654
-	15,062	-	-	15,062	46,653
-	36,000	-	-	36,000	35,000
-	79,296	-	-	79,296	73,880
-	465,164	-	-	465,164	437,804
-	2,580,460	-	-	2,580,460	2,326,780
-	-	-	-	-	660
-	54,942	-	-	54,942	56,961
-	161,813	-	-	161,813	161,813
-	59,728	-	-	59,728	60,460
-	23,183	-	-	23,183	23,184
-	14,380	-	-	14,380	14,380
-	271,291	-	-	271,291	198,917
-	50,000	-	-	50,000	30,000
-	134,993	-	-	134,993	173,855
-	10,000	-	-	10,000	13,680
-	24,009	-	-	24,009	8,426
-	179,166	-	-	179,166	156,524
<u>-</u>	<u>12,738,876</u>	<u>-</u>	<u>-</u>	<u>12,738,876</u>	<u>11,570,665</u>
274,583	274,583	-	-	274,583	256,140
182,652	182,652	-	-	182,652	1,094,920
85,576	85,576	-	(191,393)	(105,817)	366,023
410	8,349	-	-	8,349	22,906
-	-	-	-	-	8,262
-	64,428	-	-	64,428	37,712
<u>543,221</u>	<u>615,588</u>	<u>-</u>	<u>(191,393)</u>	<u>424,195</u>	<u>1,785,963</u>
<u>\$ 987,828</u>	<u>\$ 14,048,295</u>	<u>\$ 10,000</u>	<u>\$ (191,393)</u>	<u>\$ 13,866,902</u>	<u>\$ 14,213,305</u>

THE BABY FOLD
SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUE
Year Ended June 30, 2008
(Operating Fund)

	<u>Residential Treatment Center</u>	<u>Hammitt School</u>	<u>Partners County Outreach</u>
PUBLIC SUPPORT AND REVENUE			
Public support:			
Contributions:			
Churches	\$ 890	\$ -	\$ -
Nonchurch organizations	-	-	-
Corporate	5,500	3,380	-
Individuals	2,153	50	-
Foundations	-	-	-
United Way	-	-	50,440
Totals	<u>8,543</u>	<u>3,430</u>	<u>50,440</u>
Revenue:			
Adoption service fees	-	-	-
DCFS Home Studies	-	-	-
Conference fees	-	-	-
Totals	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>8,543</u>	<u>3,430</u>	<u>50,440</u>
FEES AND GRANTS FROM GOVERNMENTAL AGENCIES			
Residential purchase of service	3,081,490	-	-
Hammitt School fees	-	3,336,007	-
Hammitt High School tuition	-	-	-
Hammitt training and consultation fees	-	-	-
Tri-County Special Education	-	-	36,000
State and federal meals reimbursement	23,553	36,760	-
Adoption contracts	-	-	-
Foster care	-	-	-
Project Choices	-	-	-
Healthy Start	-	-	-
Education Outreach	-	-	-
Second Chance	-	-	-
Life Skills Training	-	-	-
Therapeutic Stabilization	-	-	-
KTP Respite	-	-	-
Family Solutions	-	-	-
DCEO Grant	-	-	-
Horizons Counseling	-	-	-
Family Support Initiative	-	-	-
Totals	<u>3,105,043</u>	<u>3,372,767</u>	<u>36,000</u>
OTHER REVENUE			
In-kind contributions	5,800	50	-
Miscellaneous	40,178	28	-
Totals	<u>45,978</u>	<u>78</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>\$ 3,159,564</u>	<u>\$ 3,376,275</u>	<u>\$ 86,440</u>

<u>Training and Consultation</u>	<u>Hammitt High School</u>	<u>Education Outreach</u>	<u>Adoption</u>	<u>Foster Traditional/HRM Care</u>	<u>Foster Specialized Care</u>	<u>Foster Professional Care</u>	<u>Keeping the Promise</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	108	-	-	-	-	-	-
-	650	-	175	-	-	-	100
-	-	-	6,000	-	-	-	-
-	-	-	-	-	-	-	-
-	<u>758</u>	-	<u>6,175</u>	-	-	-	<u>100</u>
-	-	-	-	-	-	-	-
-	-	-	43,320	-	-	-	-
-	-	-	31,700	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	<u>75,020</u>	-	-	-	-
-	<u>758</u>	-	<u>81,195</u>	-	-	-	<u>100</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	2,161,892	-	-	-	-	-	-
15,062	-	-	-	-	-	-	-
-	18,983	-	-	-	-	-	-
-	-	-	2,146	-	-	-	463,018
-	-	-	-	1,589,804	71,575	919,081	-
-	-	-	-	-	-	-	-
-	-	59,728	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>15,062</u>	<u>2,180,875</u>	<u>59,728</u>	<u>2,146</u>	<u>1,589,804</u>	<u>71,575</u>	<u>919,081</u>	<u>463,018</u>
-	50	-	-	98	3	69	-
-	177	-	8,500	6,998	-	20	-
-	<u>227</u>	-	<u>8,500</u>	<u>7,096</u>	<u>3</u>	<u>89</u>	-
<u>\$ 15,062</u>	<u>\$ 2,181,860</u>	<u>\$ 59,728</u>	<u>\$ 91,841</u>	<u>\$ 1,596,900</u>	<u>\$ 71,578</u>	<u>\$ 919,170</u>	<u>\$ 463,118</u>

THE BABY FOLD
SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUE
Year Ended June 30, 2008
(Operating Fund)

	<u>Healthy Start</u>	<u>Project Choices</u>	<u>Intact Family Services</u>
PUBLIC SUPPORT AND REVENUE			
Public support:			
Contributions:			
Churches	\$ -	\$ -	\$ -
Nonchurch organizations	-	-	-
Corporate	1,080	-	-
Individuals	40	-	-
Foundations	-	-	-
United Way	<u>88,167</u>	<u>-</u>	<u>-</u>
Totals	<u>89,287</u>	<u>-</u>	<u>-</u>
Revenue:			
Adoption service fees	-	-	-
DCFS Home Studies	-	-	-
Conference fees	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>89,287</u>	<u>-</u>	<u>-</u>
FEES AND GRANTS FROM GOVERNMENTAL AGENCIES			
Residential purchase of service	-	-	-
Hammitt School fees	-	-	-
Hammitt High School tuition	-	-	-
Hammitt training and consultation fees	-	-	-
Tri-County Special Education	-	-	-
State and federal meals reimbursement	-	-	-
Adoption contracts	-	-	-
Foster care	-	-	-
Project Choices	-	54,942	-
Healthy Start	161,813	-	-
Education Outreach	-	-	-
Second Chance	-	-	-
Life Skills Training	-	-	-
Therapeutic Stabilization	-	-	-
KTP Respite	-	-	-
Family Solutions	-	-	134,993
DCEO Grant	-	-	-
Horizons Counseling	-	-	-
Family Support Initiative	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>161,813</u>	<u>54,942</u>	<u>134,993</u>
OTHER REVENUE			
In-kind contributions	1,300	-	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>1,300</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>\$ 252,400</u>	<u>\$ 54,942</u>	<u>\$ 134,993</u>

<u>Second Chance Renters</u>	<u>Family Support Initiative</u>	<u>Life Skills Training</u>	<u>Therapeutic Stabilization</u>	<u>KTP Respite</u>	<u>Horizons Counseling</u>	<u>Learning Institute</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 890
-	1,000	-	-	-	-	-	1,000
50	-	2,000	-	-	-	-	12,118
500	-	-	-	-	-	-	3,668
2,000	500	550	-	-	-	-	9,050
-	-	-	-	-	-	-	138,607
<u>2,550</u>	<u>1,500</u>	<u>2,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,333</u>
-	-	-	-	-	-	-	43,320
-	-	-	-	-	-	-	31,700
-	-	-	-	-	-	8,871	8,871
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,871</u>	<u>83,891</u>
<u>2,550</u>	<u>1,500</u>	<u>2,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,871</u>	<u>249,224</u>
-	-	-	-	-	-	-	3,081,490
-	-	-	-	-	-	-	3,336,007
-	-	-	-	-	-	-	2,161,892
-	-	-	-	-	-	-	15,062
-	-	-	-	-	-	-	36,000
-	-	-	-	-	-	-	79,296
-	-	-	-	-	-	-	465,164
-	-	-	-	-	-	-	2,580,460
-	-	-	-	-	-	-	54,942
-	-	-	-	-	-	-	161,813
-	-	-	-	-	-	-	59,728
23,183	-	-	-	-	-	-	23,183
-	-	14,380	-	-	-	-	14,380
-	-	-	271,291	-	-	-	271,291
-	-	-	-	50,000	-	-	50,000
-	-	-	-	-	-	-	134,993
10,000	-	-	-	-	-	-	10,000
-	-	-	-	-	24,009	-	24,009
<u>-</u>	<u>179,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,166</u>
<u>33,183</u>	<u>179,166</u>	<u>14,380</u>	<u>271,291</u>	<u>50,000</u>	<u>24,009</u>	<u>-</u>	<u>12,738,876</u>
569	-	-	-	-	-	-	7,939
3,830	-	-	200	-	4,497	-	64,428
<u>4,399</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>4,497</u>	<u>-</u>	<u>72,367</u>
<u>\$ 40,132</u>	<u>\$ 180,666</u>	<u>\$ 16,930</u>	<u>\$ 271,491</u>	<u>\$ 50,000</u>	<u>\$ 28,506</u>	<u>\$ 8,871</u>	<u>\$ 13,060,467</u>

THE BABY FOLD
SCHEDULE OF FUNCTIONAL EXPENSES WITH ALLOCATION
OF MANAGEMENT AND GENERAL EXPENSES
Year Ended June 30, 2008
(With Comparative Totals for 2007)

	<u>Residential Treatment Center</u>	<u>Hammitt School</u>	<u>Partners County Outreach</u>
Salaries and wages	\$ 2,206,979	\$ 2,091,186	\$ 60,846
Group insurance	215,846	206,921	13,599
Pensions	60,965	68,601	1,859
Social security and Medicare tax	161,379	151,631	4,094
Unemployment compensation taxes	6,109	8,731	28
Workers' compensation insurance	45,693	44,300	1,265
Professional liability insurance	14,380	14,110	377
Employee medical	2,873	1,757	25
Auditing and legal fees	-	-	-
Administrative consultants	1,167	-	-
Data processing	24	1,514	-
Office supplies and expense	4,969	6,794	238
Telephone	7,616	9,190	244
Printing	216	-	-
Postage	95	39	-
Office equipment rental	3,945	7,727	49
Subscriptions	51	104	-
Rent	-	-	-
Utilities	124,526	62,803	727
Buildings and grounds supplies	25,756	13,965	279
Maintenance of buildings and grounds	39,404	67,276	140
Equipment repairs	30,201	20,035	147
Property insurance	8,662	8,477	221
Travel	34,301	11,001	3,485
Auto insurance	2,993	1,104	-
Conference and convention expense	3,840	7,900	66
Program supplies	41,083	44,678	506
Specific assistance	18,294	-	-
Medical supplies	8,802	1,264	-
Food	48,005	43,397	-
Kitchen service supplies	5,407	3,786	-
Professional consultants	26,407	12,851	-
Student stipend	-	3,600	-
Foster home care	-	-	-
Festival expenses	-	-	-
Dues	47	2,899	-
Board of Trustees expense	-	-	-
Interest expense	107,964	3,660	-
Miscellaneous	3,159	3,432	-
Depreciation expense	<u>203,227</u>	<u>123,123</u>	<u>1,963</u>
Totals	3,464,385	3,047,856	90,158
Allocation of management cost to program cost	<u>415,283</u>	<u>380,019</u>	<u>11,151</u>
TOTAL EXPENSES	<u>\$ 3,879,668</u>	<u>\$ 3,427,875</u>	<u>\$ 101,309</u>

Program Services

<u>Training and Consultation</u>	<u>Hammitt High School</u>	<u>Education Outreach</u>	<u>Adoption</u>	<u>Foster Care</u>	<u>Foster Specialized Care</u>
\$ 9,428	\$ 1,285,081	\$ 41,869	\$ 149,376	\$ 770,753	\$ 28,180
801	140,689	3,215	9,902	91,500	4,277
481	40,671	1,025	5,557	21,747	933
788	90,311	2,809	10,540	55,932	2,173
18	669	18	60	11,046	353
232	26,640	356	3,134	16,342	657
269	8,833	269	808	5,009	215
2	735	143	270	1,391	65
-	-	-	1,100	-	-
-	-	-	214	924	126
-	2,322	-	-	-	-
-	4,920	-	867	2,672	124
160	7,470	160	3,055	3,980	196
-	1,033	-	-	-	-
-	24	-	145	95	6
35	4,618	32	398	2,207	98
-	215	-	75	-	-
-	191,434	-	-	-	-
513	-	471	2,382	14,235	601
197	9,509	181	259	1,533	65
99	34,066	91	2,585	14,964	629
101	3,733	100	917	5,357	236
147	5,344	147	479	3,022	147
249	13,226	1,297	11,880	34,646	2,020
-	2,514	-	697	1,380	174
221	7,705	41	1,270	3,534	36
161	43,997	239	1,853	1,301	113
-	12	-	-	2,182	66
-	107	-	1,887	-	-
-	28,240	-	-	-	-
-	3,891	-	-	-	-
-	115	-	-	42,817	-
-	2,400	-	-	14,400	-
-	-	-	894	284,470	28,451
-	-	-	-	-	-
-	1,232	2	204	4	2
-	-	-	-	-	-
-	-	-	1,980	11,760	492
-	1,088	3	314	708	88
<u>1,374</u>	<u>39,839</u>	<u>1,276</u>	<u>7,752</u>	<u>44,523</u>	<u>1,878</u>
15,276	2,002,683	53,744	220,854	1,464,434	72,401
<u>1,800</u>	<u>240,483</u>	<u>7,210</u>	<u>27,291</u>	<u>158,657</u>	<u>6,821</u>
<u>\$ 17,076</u>	<u>\$ 2,243,166</u>	<u>\$ 60,954</u>	<u>\$ 248,145</u>	<u>\$ 1,623,091</u>	<u>\$ 79,222</u>

THE BABY FOLD
SCHEDULE OF FUNCTIONAL EXPENSES WITH ALLOCATION
OF MANAGEMENT AND GENERAL EXPENSES
Year Ended June 30, 2008
(With Comparative Totals for 2007)

	Foster Professional Care	Keeping the Promise
Salaries and wages	\$ 548,778	\$ 288,380
Group insurance	53,352	25,691
Pensions	17,860	8,647
Social security and Medicare tax	39,362	20,642
Unemployment compensation taxes	514	134
Workers' compensation insurance	11,404	6,073
Professional liability insurance	3,124	1,777
Employee medical	541	1
Auditing and legal fees	-	-
Administrative consultants	588	428
Data processing	679	-
Office supplies and expense	828	212
Telephone	2,609	2,101
Printing	-	-
Postage	132	-
Office equipment rental	1,371	791
Subscriptions	4	-
Rent	-	-
Utilities	8,808	5,626
Buildings and grounds supplies	941	618
Maintenance of buildings and grounds	6,439	5,413
Equipment repairs	3,310	1,994
Property insurance	1,880	1,069
Travel	25,012	22,173
Auto insurance	581	1,119
Conference and convention expense	584	3,064
Program supplies	688	12,388
Specific assistance	-	2,697
Medical supplies	113	-
Food	-	-
Kitchen service supplies	-	-
Professional consultants	8,238	-
Student stipend	-	-
Foster home care	77,742	-
Festival expenses	-	-
Dues	5	9
Board of Trustees expense	-	-
Interest expense	7,236	4,692
Miscellaneous	339	1,424
Depreciation expense	19,518	15,855
Totals	842,580	433,018
Allocation of management cost to program cost	102,002	53,132
TOTAL EXPENSES	\$ 944,582	\$ 486,150

Program Services

<u>Healthy Start</u>	<u>Project Choices</u>	<u>Intact Family Services</u>	<u>Second Chance Renters</u>	<u>Family Support Initiative</u>	<u>Life Skills Training</u>
\$ 177,743	\$ 36,832	\$ 81,743	\$ 25,210	\$ 102,448	\$ 18,195
18,296	4,386	6,374	4,909	18,618	3,318
6,067	1,150	3,076	995	2,825	724
12,186	2,739	6,140	1,766	7,418	1,278
92	18	51	14	46	9
3,684	806	1,774	567	2,288	407
1,238	269	700	162	592	108
-	-	233	50	-	-
-	-	-	-	-	-
256	76	176	34	151	29
-	-	-	-	-	-
79	523	3,083	13	44	338
1,157	463	480	103	736	77
-	-	-	-	-	-
-	-	-	32	-	-
539	110	310	77	265	49
-	-	-	-	-	-
-	-	-	-	-	-
3,825	801	2,202	601	1,823	400
420	86	238	69	202	43
3,748	795	2,106	519	1,784	382
1,371	281	768	201	667	132
737	147	405	111	369	74
9,890	2,916	3,678	214	3,708	151
770	174	552	131	421	87
2,573	260	250	446	190	239
2,779	5	236	9	777	892
1,161	-	-	6,671	12,247	83
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,153	-	25,672	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
300	-	-	-	4	-
-	-	-	-	-	-
3,204	660	1,812	492	1,560	324
527	197	9	43	60	31
<u>10,960</u>	<u>2,222</u>	<u>6,318</u>	<u>1,630</u>	<u>5,248</u>	<u>1,178</u>
266,755	55,916	148,386	45,069	164,491	28,548
<u>32,719</u>	<u>6,816</u>	<u>18,466</u>	<u>5,044</u>	<u>17,453</u>	<u>3,499</u>
<u>\$ 299,474</u>	<u>\$ 62,732</u>	<u>\$ 166,852</u>	<u>\$ 50,113</u>	<u>\$ 181,944</u>	<u>\$ 32,047</u>

THE BABY FOLD
SCHEDULE OF FUNCTIONAL EXPENSES WITH ALLOCATION
OF MANAGEMENT AND GENERAL EXPENSES
Year Ended June 30, 2008
(With Comparative Totals for 2007)

	<u>Program Services</u>		
	<u>Therapeutic Stabilization</u>	<u>KTP Respite</u>	<u>Horizons Counseling</u>
Salaries and wages	\$ 127,886	\$ 22,502	\$ 50,275
Group insurance	4,027	609	3,058
Pensions	3,544	499	1,336
Social security and Medicare tax	9,395	1,554	3,984
Unemployment compensation taxes	60	9	32
Workers' compensation insurance	2,580	442	1,151
Professional liability insurance	808	162	377
Employee medical	484	-	-
Auditing and legal fees	-	-	-
Administrative consultants	29	-	1,500
Data processing	-	-	164
Office supplies and expense	1,544	11	64
Telephone	695	84	2,352
Printing	-	-	1,495
Postage	8	-	32
Office equipment rental	356	62	161
Subscriptions	-	-	-
Rent	-	-	7,050
Utilities	2,603	400	1,222
Buildings and grounds supplies	278	43	200
Maintenance of buildings and grounds	2,426	438	1,199
Equipment repairs	901	148	452
Property insurance	479	74	258
Travel	13,102	87	233
Auto insurance	450	87	-
Conference and convention expense	228	51	52
Program supplies	3,450	16,801	728
Specific assistance	-	-	-
Medical supplies	-	-	-
Food	-	-	-
Kitchen service supplies	-	-	-
Professional consultants	-	-	-
Student stipend	-	-	-
Foster home care	-	-	-
Festival expenses	-	-	-
Dues	-	-	4
Board of Trustees expense	-	-	-
Interest expense	2,136	324	1,068
Miscellaneous	22	10	1,851
Depreciation expense	7,132	1,277	4,202
	<u>184,623</u>	<u>45,674</u>	<u>84,500</u>
Totals			
Allocation of management cost to program cost	<u>23,132</u>	<u>4,777</u>	<u>9,754</u>
TOTAL EXPENSES	<u>\$ 207,755</u>	<u>\$ 50,451</u>	<u>\$ 94,254</u>

<u>Learning Institute</u>	<u>Total Program Services</u>	<u>Support Services</u>			<u>Total Support Services</u>	<u>Total Expenses</u>	
		<u>Management and General</u>	<u>Public Relations</u>	<u>Total Support Services</u>		<u>2008</u>	<u>2007</u>
\$ 38,120	\$ 8,161,810	\$ 824,404	\$ 246,933	\$ 1,071,337	\$ 9,233,147	\$ 8,580,351	
2,766	832,154	103,910	21,747	125,657	957,811	915,908	
1,021	249,583	32,298	9,639	41,937	291,520	243,311	
3,086	589,207	55,331	17,578	72,909	662,116	613,654	
23	28,034	16,475	110	16,585	44,619	10,863	
896	170,691	17,417	2,205	19,622	190,313	223,691	
269	53,856	-	-	-	53,856	51,675	
1	8,571	210	165	375	8,946	7,777	
-	1,100	30,493	-	30,493	31,593	22,562	
-	5,698	52,809	897	53,706	59,404	57,491	
-	4,703	66,002	6,345	72,347	77,050	63,434	
34	27,357	39,083	2,095	41,178	68,535	68,318	
202	43,130	15,753	2,238	17,991	61,121	60,877	
333	3,077	425	23,720	24,145	27,222	22,554	
-	608	24,248	2,520	26,768	27,376	24,880	
122	23,322	3,575	6,998	10,573	33,895	34,063	
-	449	784	-	784	1,233	3,389	
-	198,484	-	-	-	198,484	122,112	
822	235,391	48,269	5,040	53,309	288,700	290,117	
94	54,976	10,145	1,204	11,349	66,325	51,771	
876	185,379	21,666	7,160	28,826	214,205	165,444	
325	71,377	8,706	2,385	11,091	82,468	103,857	
184	32,433	23,278	884	24,162	56,595	58,265	
85	193,354	11,531	770	12,301	205,655	155,379	
-	13,234	1,543	-	1,543	14,777	13,912	
221	32,771	18,438	7,370	25,808	58,579	56,927	
633	173,317	-	-	-	173,317	158,173	
-	43,413	-	-	-	43,413	41,255	
-	12,173	1,053	-	1,053	13,226	17,640	
-	119,642	-	-	-	119,642	106,104	
-	13,084	-	-	-	13,084	12,865	
600	119,853	-	-	-	119,853	115,623	
-	20,400	-	-	-	20,400	-	
-	391,557	-	-	-	391,557	365,266	
-	-	-	110,674	110,674	110,674	117,784	
5	4,717	28,888	285	29,173	33,890	28,668	
-	-	497	-	497	497	3,698	
744	150,108	27,818	-	27,818	177,926	194,426	
134	13,439	28,059	2,483	30,542	43,981	22,368	
<u>2,637</u>	<u>503,132</u>	<u>65,266</u>	<u>10,449</u>	<u>75,715</u>	<u>578,847</u>	<u>552,684</u>	
54,233	12,785,584	1,578,374	491,894	2,070,268	14,855,852	13,759,136	
<u>6,868</u>	<u>1,532,377</u>	<u>(1,578,374)</u>	<u>45,997</u>	<u>(1,532,377)</u>	<u>-</u>	<u>-</u>	
<u>\$ 61,101</u>	<u>\$ 14,317,961</u>	<u>\$ -</u>	<u>\$ 537,891</u>	<u>\$ 537,891</u>	<u>\$ 14,855,852</u>	<u>\$ 13,759,136</u>	

THE BABY FOLD
SCHEDULE OF EARNINGS ON INVESTED ASSETS -
INVESTMENT FUND (UNRESTRICTED)
Year Ended June 30, 2008

INVESTMENT INCOME FROM REAL ESTATE

Income from farms and rental property	\$ 439,135	
Less:		
Farm and rental expenses	(64,134)	
Farm management fees	<u>(24,248)</u>	
Net investment income from real estate		\$ 350,753

INVESTMENT INCOME FROM SECURITIES

Interest - government securities	62,077	
Interest - corporate bonds	25,712	
Interest - money market	3,423	
Dividends - corporate stocks	<u>72,717</u>	
Total interest and dividends	163,929	
Net unrealized loss on investments	\$ (825,045)	
Realized gain on sale of investments	<u>534,388</u>	
Net realized and unrealized loss	(290,657)	
Less: Investment fees	<u>(41,373)</u>	
Net investment loss from securities		<u>(168,101)</u>

NET INVESTMENT INCOME **\$ 182,652**

**THE BABY FOLD
RESIDENTIAL TREATMENT CENTER, FOSTER FAMILY
CARE, AND ADOPTION PROGRAMS STATISTICS
Year Ended June 30, 2008**

(Unaudited)

	Days of <u>Care</u>
RESIDENTIAL TREATMENT CENTER PROGRAM	
Children placed by:	
Department of Children and Family Services	7,311
Illinois State Board of Education	956
Illinois Department of Human Services	<u>1,505</u>
	<u>9,772</u>
 FOSTER FAMILY CARE PROGRAM	
Children placed by Department of Children and Family Services on a long-term basis	<u>52,977</u>
 ADOPTION PROGRAM	
Placements:	
Department of Children and Family Services	<u>23</u>