

**THE BABY FOLD**  
Normal, Illinois

**FINANCIAL REPORT AND  
SUPPLEMENTAL INFORMATION**  
June 30, 2009

**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, 2009, 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, 2008 financial statements and our report dated November 11, 2008 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, 2009, 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 3, 2009 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 27 through 39 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 40 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 Gunderson LLP*

Peoria, Illinois  
November 3, 2009

**THE BABY FOLD**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2009**  
**(With Comparative Totals for 2008)**

<b>ASSETS</b>	<u><b>Operating</b></u>
Cash and cash equivalents	\$ 1,541,526
Accounts receivable	1,370,079
Pledges receivable	-
Food inventory	10,517
Prepaid expenses	149,576
Accrued interest receivable	-
Investment securities, at fair value (Note 2)	-
Grain inventories, at fair value	-
Investments in real estate (Note 3)	-
Investments held in trust by others, at fair value (Note 4)	-
Cash value of life insurance	-
Land, buildings, and equipment, net (Note 6)	7,994,915
Unamortized bond fees	<u>26,523</u>
 <b>TOTAL ASSETS</b>	 <b><u>\$ 11,093,136</u></b>
<b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 183,347
Accrued expenses	928,079
Pension payable (Note 11)	838,444
Deferred revenue - annuity contracts	-
Deferred revenue - program	4,966
Obligations under capital lease (Note 9)	64,509
Bonds payable (Note 7)	<u>2,719,515</u>
Total liabilities	<u>4,738,860</u>
 <b>NET ASSETS</b>	
Unrestricted	6,354,276
Unrestricted - designated for investment by Organization's by-laws	-
Temporarily restricted (Note 10)	-
Permanently restricted (Note 10)	-
Total net assets	<u>6,354,276</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b><u>\$ 11,093,136</u></b>

<u>Unrestricted Fund</u>		<u>Temporarily Restricted Fund</u>	<u>Permanently Restricted Fund Endowment</u>	<u>Total 2009</u>	<u>Total (Memorandum Only) 2008</u>
<u>Investment</u>	<u>Total</u>				
\$ 310,896	\$ 1,852,422	\$ 19,853	\$ -	\$ 1,872,275	\$ 1,078,548
-	1,370,079	-	-	1,370,079	1,286,455
-	-	-	-	-	27,334
-	10,517	-	-	10,517	11,452
3,445	153,021	-	-	153,021	120,076
14,742	14,742	-	-	14,742	13,606
3,562,205	3,562,205	-	313,328	3,875,533	4,726,888
57,831	57,831	-	-	57,831	54,304
1,625,106	1,625,106	-	114,500	1,739,606	1,739,606
-	-	-	2,684,137	2,684,137	2,702,177
13,940	13,940	-	-	13,940	13,363
-	7,994,915	-	-	7,994,915	8,417,122
-	26,523	-	-	26,523	30,424
<u>\$ 5,588,165</u>	<u>\$ 16,681,301</u>	<u>\$ 19,853</u>	<u>\$ 3,111,965</u>	<u>\$ 19,813,119</u>	<u>\$ 20,221,355</u>
\$ -	\$ 183,347	\$ -	\$ -	\$ 183,347	\$ 227,064
13,055	941,134	-	-	941,134	838,667
-	838,444	-	-	838,444	416,607
182,031	182,031	-	-	182,031	184,767
-	4,966	-	-	4,966	3,868
-	64,509	-	-	64,509	103,225
-	2,719,515	-	-	2,719,515	3,036,731
<u>195,086</u>	<u>4,933,946</u>	<u>-</u>	<u>-</u>	<u>4,933,946</u>	<u>4,810,929</u>
-	6,354,276	-	-	6,354,276	6,164,763
5,393,079	5,393,079	-	-	5,393,079	6,105,658
-	-	19,853	-	19,853	10,000
-	-	-	3,111,965	3,111,965	3,130,005
<u>5,393,079</u>	<u>11,747,355</u>	<u>19,853</u>	<u>3,111,965</u>	<u>14,879,173</u>	<u>15,410,426</u>
<u>\$ 5,588,165</u>	<u>\$ 16,681,301</u>	<u>\$ 19,853</u>	<u>\$ 3,111,965</u>	<u>\$ 19,813,119</u>	<u>\$ 20,221,355</u>

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

**THE BABY FOLD  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009  
(With Comparative Totals for 2008)**

	<b>Operating</b>
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>	
Contributions	\$ 177,630
Fees	100,127
Fees from governmental agencies	9,094,053
Grants from governmental agencies	5,072,102
Net investment income (loss) (Note 2)	-
In-kind contributions	7,356
Other	17,552
Total revenue, gains, and other support	14,468,820
<b>EXPENSES</b>	
Program services:	
Residential Treatment Center	3,365,318
Hammitt School	2,414,646
Partners County Outreach	92,696
Training and Consultation	-
Hammitt High School	2,050,089
Education Outreach	53,122
Challenges	1,010,955
Adoption	299,185
Foster Traditional/HRM Care	1,424,159
Foster Specialized Care	183,338
Foster Professional Care	906,003
Keeping the Promise	445,491
Healthy Start	267,628
Project Choices	59,077
Intact Family Services	224,899
Second Chance Renters	-
Family Support Initiative	-
Life Skills Training	-
Therapeutic stabilization	256,780
KTP Respite	46,685
Horizons Counseling	46,974
Learning Institute	28,189
Total	13,175,234
Support services:	
Management and general	1,582,827
Public relations	-
Annuity payments	-
Total	1,582,827
Total expenses	14,758,061
Increase (decrease) in net assets	(289,241)
<b>TRANSFERS IN (OUT)</b>	
Operating Fund from Investment Fund	766,007
<b>PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST</b>	
	(287,253)
Total change in net assets	189,513
<b>NET ASSETS</b>	
Beginning of year	6,164,763
End of year	\$ 6,354,276

<u>Unrestricted Fund</u>		<u>Temporarily Restricted Fund</u>	<u>Permanently Restricted Fund Endowment</u>	<u>Total 2009</u>	<u>Total (Memorandum Only) 2008</u>
<u>Investment</u>	<u>Total</u>				
\$ 447,890	\$ 625,520	\$ 9,853	\$ -	\$ 635,373	\$ 619,940
-	100,127	-	-	100,127	83,891
-	9,094,053	-	-	9,094,053	8,594,451
-	5,072,102	-	-	5,072,102	4,144,425
(228,014)	(228,014)	-	-	(228,014)	182,652
4,144	11,500	-	-	11,500	8,349
420,585	438,137	-	(18,040)	420,097	233,194
<u>644,605</u>	<u>15,113,425</u>	<u>9,853</u>	<u>(18,040)</u>	<u>15,105,238</u>	<u>13,866,902</u>
-	3,365,318	-	-	3,365,318	3,464,385
-	2,414,646	-	-	2,414,646	3,047,856
-	92,696	-	-	92,696	90,158
-	-	-	-	-	15,276
-	2,050,089	-	-	2,050,089	2,002,683
-	53,122	-	-	53,122	53,744
-	1,010,955	-	-	1,010,955	-
-	299,185	-	-	299,185	220,854
-	1,424,159	-	-	1,424,159	1,464,434
-	183,338	-	-	183,338	72,401
-	906,003	-	-	906,003	842,580
-	445,491	-	-	445,491	433,018
-	267,628	-	-	267,628	266,755
-	59,077	-	-	59,077	55,916
-	224,899	-	-	224,899	148,386
-	-	-	-	-	45,069
-	-	-	-	-	164,491
-	-	-	-	-	28,548
-	256,780	-	-	256,780	184,623
-	46,685	-	-	46,685	45,674
-	46,974	-	-	46,974	84,500
-	28,189	-	-	28,189	54,233
<u>-</u>	<u>13,175,234</u>	<u>-</u>	<u>-</u>	<u>13,175,234</u>	<u>12,785,584</u>
47,166	1,629,993	-	-	1,629,993	1,578,374
525,969	525,969	-	-	525,969	491,894
18,042	18,042	-	-	18,042	8,147
<u>591,177</u>	<u>2,174,004</u>	<u>-</u>	<u>-</u>	<u>2,174,004</u>	<u>2,078,415</u>
<u>591,177</u>	<u>15,349,238</u>	<u>-</u>	<u>-</u>	<u>15,349,238</u>	<u>14,863,999</u>
53,428	(235,813)	9,853	(18,040)	(244,000)	(997,097)
(766,007)	-	-	-	-	-
<u>-</u>	<u>(287,253)</u>	<u>-</u>	<u>-</u>	<u>(287,253)</u>	<u>22,926</u>
(712,579)	(523,066)	9,853	(18,040)	(531,253)	(974,171)
<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>\$ 5,393,079</u>	<u>\$ 11,747,355</u>	<u>\$ 19,853</u>	<u>\$ 3,111,965</u>	<u>\$ 14,879,173</u>	<u>\$ 15,410,426</u>

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

**THE BABY FOLD**  
**STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2009**  
**(With Comparative Totals for 2008)**

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (531,253)	\$ (974,171)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	574,231	580,832
Amortization of bond fees	3,901	3,902
Net loss on investments, realized and unrealized	654,969	290,657
Increase in cash value of life insurance	(577)	(848)
Net unrealized loss on trust held by others	18,040	191,393
Changes in operating assets and liabilities:		
Accounts receivable	(83,624)	(147,822)
Pledges receivable	27,334	9,068
Inventories, food and grain	(2,592)	(13,445)
Prepaid expenses	(32,945)	34,318
Accrued interest receivable	(1,136)	4,524
Accounts payable and accrued expenses	58,750	74,440
Pension payable	421,837	(15,629)
Deferred revenue - annuity contracts	(2,736)	4,986
Deferred revenue - program	1,098	(43,261)
	<u>1,105,297</u>	<u>(1,056)</u>
Net cash provided by (used in) operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities	(1,853,796)	(2,419,780)
Proceeds from sale of investment securities	2,050,182	3,054,180
Purchase of property and equipment	<u>(152,024)</u>	<u>(197,790)</u>
	<u>44,362</u>	<u>436,610</u>
Net cash provided by investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from revolving line of credit	-	180,000
Principal payments on revolving line of credit	-	(180,000)
Principal payments on obligations under capital lease	(38,716)	(35,459)
Principal payments on bonds payable	<u>(317,216)</u>	<u>(301,737)</u>
	<u>(355,932)</u>	<u>(337,196)</u>
Net cash used in financing activities		

**THE BABY FOLD**  
**STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2009**  
**(With Comparative Totals for 2008)**

	<u><b>2009</b></u>	<u><b>2008</b></u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	\$ 793,727	\$ 98,358
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>1,078,548</u>	<u>980,190</u>
End of year	<u>\$ 1,872,275</u>	<u>\$ 1,078,548</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash payments for interest	<u>\$ 163,038</u>	<u>\$ 183,086</u>

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

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**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 transform children's lives by being the premier provider of mental health, education, and family services.

**(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, 2009**

**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 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.

**(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.

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**(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.

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

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**(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.

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, 2008, from which the summarized information was derived.

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**(q) New Accounting Standards**

The Organization adopted FASB Statement No. 157, "Fair Value Measurements" (FAS 157), which provides a comprehensive framework for measuring fair value and expands disclosures which are required about fair value measurements. Specifically, FAS 157 sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs. The adoption of FAS 157 did not have a material impact on the Organization's financial statements.

The Organization adopted FASB Staff Position, FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (FSP FAS 117-1) in the current year. The Illinois Uniform Prudent Management of Institutional Funds Act was effective for the Organization for the year ended June 30, 2009. FSP FAS 117-1 requires that the amount classified as permanently restricted shall be the amount of the fund (a) that must be retained permanently in accordance with explicit donor stipulations, or (b) that in the absence of such stipulations, the Organization's governing board determines what must be retained permanently consistent with the relevant law and also expands the disclosures required for both donor-restricted and board-designated endowment funds. The adoption of FSP FAS 117-1 did not have a material impact on the Organization's financial statements.

**NOTE 2 - 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, 2009:

	<u>Cost</u>	<u>Fair Value</u>	<u>Excess of Fair Value Over Cost</u>
Corporate bonds	\$ 712,222	\$ 719,631	\$ 7,409
Corporate stocks	1,891,528	1,999,042	107,514
Government securities	<u>1,097,886</u>	<u>1,156,860</u>	<u>58,974</u>
<b>Total end of year</b>	<u>\$ 3,701,636</u>	<u>\$ 3,875,533</u>	<u>\$ 173,897</u>

**THE BABY FOLD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 2 - INVESTMENT SECURITIES (CONTINUED)**

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2009:

	<u><b>Unrestricted</b></u>
Securities - interest	\$ 91,005
Dividends - corporate stocks	48,376
Net realized loss on sale of investments	(439,089)
Net unrealized loss on investments	<u>(215,880)</u>
Investment loss from securities	(515,588)
Net farm rental income	314,017
Investment fees	<u>(26,443)</u>
<b>Net investment income (loss)</b>	<u><b>\$ (228,014)</b></u>

**NOTE 3 - 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><b>Description</b></u>	<u><b>Fair Value at Date of Gift</b></u>	<u><b>Estimated Fair Value at June 30, 2009</b></u>
Lorraine Waters - 152 acres	\$ 340,988	\$ 818,370
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	520,000
T. George Baker - 240 acres	663,600	1,201,250
William C. Decker - 60 acres	<u>131,537</u>	<u>273,000</u>
<b>Total</b>	<u><b>\$ 1,739,606</b></u>	<u><b>\$ 7,828,392</b></u>

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 4 - 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, 2009 as provided by the outside fiscal agent.

James B. Kennedy Trust	\$ 522,147
O.V. Douglass	110,138
Charles Ockerman Trust	209,370
Bessie Row Trust	37,428
Nina Bozarth Trust	258,891
Maude Scranton Trust	387,361
Genevieve Moyer Trust	384,427
Thomas Campbell	<u>774,375</u>
<b>Total investments held in trust by others</b>	<b><u>\$ 2,684,137</u></b>

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)	\$ 102,838
Decrease in fair value (permanently restricted)	<u>(18,040)</u>
	<b><u>\$ 84,798</u></b>

**NOTE 5 - FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements* (FAS 157), 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 (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FAS 157 are described below:

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)**

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 identical or 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.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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 June 30, 2009.

*Equities and Corporate Bonds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*U.S. Government Securities:* Valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality, and type.

*Grain Inventories:* Valued by an investment manager at a typical elevator grain price.

*Investments Held in Trust by Others:* These are valued by a third-party trustee and consist of a variety of investments. Since the Organization is restricted from being able to redeem the investments, they are not considered to be traded on an active market and, therefore, are classified as Level 3.

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)**

The methods described above 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 with other market participants, 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 table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2009:

	<b>Assets at Fair Value as of June 30, 2009</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 1,999,042	\$ -	\$ -	\$ 1,999,042
U.S. Government securities	-	1,156,860	-	1,156,860
Corporate bonds	719,631	-	-	719,631
Grain inventories	57,831	-	-	57,831
Investments held in trust by others	<u>-</u>	<u>-</u>	<u>2,684,137</u>	<u>2,684,137</u>
<b>Total assets at fair value</b>	<b><u>\$ 2,776,504</u></b>	<b><u>\$ 1,156,860</u></b>	<b><u>\$ 2,684,137</u></b>	<b><u>\$ 6,617,501</u></b>

The following table sets forth a summary of changes in fair value of the Organization's Level 3 assets for the year ended June 30, 2009:

	<b><u>Investments Held in Trust by Others</u></b>
Balance, beginning of year	\$ 2,702,177
Realized and unrealized gains (losses)	(18,040)
Purchases, sales, settlements (net)	<u>-</u>
<b>Balance, end of year</b>	<b><u>\$ 2,684,137</u></b>

**THE BABY FOLD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 6 - LAND, BUILDINGS, AND EQUIPMENT**

The following is a summary of land, buildings, and equipment at June 30, 2009:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>	<u>Current Year Depreciation</u>
Land and improvements	\$ 661,033	\$ 94,034	\$ 566,999	\$ 10,080
Buildings and improvements	12,323,500	5,305,200	7,018,300	402,718
Equipment:				
Office furniture, data processing, and other equipment	1,732,855	1,422,269	310,586	118,574
Audio-visual and miscellaneous tools and equipment	73,776	63,735	10,041	3,376
Transportation equipment	<u>459,323</u>	<u>370,334</u>	<u>88,989</u>	<u>39,483</u>
<b>Totals</b>	<u>\$15,250,487</u>	<u>\$ 7,255,572</u>	<u>\$ 7,994,915</u>	<u>\$ 574,231</u>

**NOTE 7 - BONDS PAYABLE (TOWN OF NORMAL - SPECIAL FACILITY REVENUE BONDS  
SERIES 1999 - THE BABY FOLD PROJECT)**

Bonds payable as of June 30, 2009 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. \$ 2,719,515

Annual maturities of bonds payable are as follows:

Year ending June 30:	
2010	\$ 333,489
2011	350,597
2012	368,582
2013	387,491
2014	407,369
2015 and thereafter	<u>871,987</u>
<b>Total</b>	<u>\$ 2,719,515</u>

Interest expense for the year ended June 30, 2009 was \$157,598.

**THE BABY FOLD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 7 - BONDS PAYABLE (TOWN OF NORMAL - SPECIAL FACILITY REVENUE BONDS SERIES 1999 - THE BABY FOLD PROJECT) (CONTINUED)**

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 8 - NOTE PAYABLE**

During the year ended June 30, 2009, the Organization entered into a \$1,000,000 revolving line of credit agreement with the Commerce Bank. Amounts drawn against the line of credit are due on February 10, 2010 and bear interest at the LIBOR rate plus 2.25 percent, however, the interest rate will not be less than 3.50 percent. The line of credit is collateralized by accounts receivable, inventory, and equipment. At June 30, 2009, there was no balance drawn on the line of credit.

**NOTE 9 - 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, 2009 is as follows:

Cost	\$ 184,129
Accumulated depreciation	<u>(92,065)</u>

**Net book value** \$ 92,064

Future minimum lease payments under these leases are as follows:

2010	\$ 45,968
2011	<u>24,487</u>

Total minimum lease payments 70,455

Less amount representing interest (5,946)

**Present value of minimum lease payments** \$ 64,509

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 10 - 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 4)	<u>2,684,137</u>

**Total permanently restricted net assets** **\$ 3,111,965**

Temporarily restricted net assets are restricted for the following purpose:

Christian life coordinator	<u>\$ 19,853</u>
----------------------------	------------------

**NOTE 11 - PENSION PLANS**

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 3 year average salary. The Organization's funding policy is to make an annual contribution in accordance with the actuarial computation provided by the plan's actuary. Effective July 1, 2009, this plan was frozen.

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 \$243,214 of defined benefit pension expense and \$86,563 for matching the employees' contributions to their 403(b) plan.

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

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 11 - PENSION PLANS (CONTINUED)**

Net pension cost for the Organization's defined benefit pension plan consisted of the following components for the year ended June 30, 2009:

Service cost	\$ 216,793
Interest cost	175,759
Expected return on plan assets	(198,966)
Amortization of prior service cost	6,782
Recognition of net loss	13,079
Curtailment cost	<u>29,767</u>
<b>Net pension cost</b>	<b><u>\$ 243,214</u></b>

Weighted-average assumptions used to determine net pension cost:

Discount rate	6.00%
Expected long-term rate of return	7.75%
Rate of compensation increase	2.50%

The following sets forth the plan's funded status and the amounts recognized in the financial statements at June 30, 2009:

	<b><u>Pension Benefits</u></b>
Projected benefit obligation	\$ (3,056,371)
Fair value of plan assets	<u>2,217,927</u>
<b>Funded status</b>	<b><u>\$ (838,444)</u></b>
Weighted-average assumptions used to determine benefit obligations:	
Discount rate	5.75%
Rate of compensation increase	2.50%
Employer contributions	<u>\$ 108,630</u>
Benefits paid	<u>\$ 37,382</u>

The accumulated benefit obligation was \$3,056,371 at June 30, 2009.

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 11 - PENSION PLANS (CONTINUED)**

**Plan Assets**

The Baby Fold's pension plan asset allocations at June 30, 2009, by asset category, are follows:

Equity securities	48%
Fixed income securities	48%
Cash and cash equivalents	4%

The Organization's target asset allocation as of June 30, 2009, 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 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 \$-0- to the pension plan in fiscal year 2010.

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 11 - PENSION PLANS (CONTINUED)**

**Estimated Future Benefit Payments**

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

**Fiscal Year**

2010	\$ 34,225
2011	40,841
2012	57,532
2013	62,883
2014	68,861
2015-2019	540,872

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.

**Reconciliation of Items Not Yet Reflected in Net Periodic Benefit Cost**

	<u>July 1, 2008</u>	<u>Reclassified as Net Periodic Benefit Cost</u>	<u>Amounts Arising During Period</u>	<u>June 30, 2009</u>
Net prior service cost	\$ 36,549	\$ (6,782)	\$ (29,767)	\$ -
Net loss	412,146	(13,079)	336,881	735,948

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

	<u>July 1, 2009</u>	<u>Estimated Amounts to be Reclassified as Net Periodic Benefit Cost</u>
Net loss	\$ 735,948	\$ 47,812

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 12 - ENDOWMENTS**

The Baby Fold's endowments consist of funds established to support a variety of programs at the Organization. Its endowments consist of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Directors of The Baby Fold has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Consequently, the Organization classifies permanently restricted net assets as:

- The original value of gifts donated to the permanent endowment,
- The original value of subsequent gifts to the permanent endowment, and
- The accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization's Board of Directors in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. The mission of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible impact of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

**Return Objectives and Risk Parameters**

The Organization has adopted investment policies for endowment assets that attempt to provide conservative earnings potential while reducing risk.

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 12 - ENDOWMENTS (CONTINUED)**

**Spending Policy**

The Organization spends endowment earnings in accordance with the directives of the donor. If no directive exists, the Board of Directors designates the spending or retention of endowment earnings.

**Strategies Employed for Achieving Objectives**

The Organization invests funds in a manner expected to maintain appropriate diversification among investment styles within the equity and fixed income allocations according to the investment policy.

**Endowment net asset composition by type of fund as of June 30, 2009 is as follows:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 19,853	\$ 3,111,965	\$ 3,131,818
Board designated endowment funds	<u>5,393,079</u>	<u>-</u>	<u>-</u>	<u>5,393,079</u>
<b>Total endowment funds</b>	<u>\$ 5,393,079</u>	<u>\$ 19,853</u>	<u>\$ 3,111,965</u>	<u>\$ 8,524,897</u>

**Changes in endowment net assets for the year ended June 30, 2009 are as follows:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 6,105,658</u>	<u>\$ 10,000</u>	<u>\$ 3,130,005</u>	<u>\$ 9,245,663</u>
Investment return:				
Investment income	529,793	-	-	529,793
Net depreciation (realized and unrealized)	<u>(654,969)</u>	<u>-</u>	<u>(18,040)</u>	<u>(673,009)</u>
Total investment return	<u>(125,176)</u>	<u>-</u>	<u>(18,040)</u>	<u>(143,216)</u>
Contributions and other income	769,781	9,853	-	779,634
Expenditure of endowment assets	(591,177)	-	-	(591,177)
Transfers to add (remove) board designated funds	<u>(766,007)</u>	<u>-</u>	<u>-</u>	<u>(766,007)</u>
<b>Endowment net assets, end of year</b>	<u>\$ 5,393,079</u>	<u>\$ 19,853</u>	<u>\$ 3,111,965</u>	<u>\$ 8,524,897</u>

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 13 - CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash accounts in four banks. The amounts on deposit at June 30, 2009 exceeded the federally-insured limits by \$1,311,370.

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.

**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, 2009 are due as follows:

Year ending June 30:	
2010	\$ 18,610
2011	<u>    6,453</u>
<b>Total minimum lease payments</b>	<b><u>\$ 25,063</u></b>

The total rental expense reflected in the schedule of functional expenses is \$205,477 for the year ended June 30, 2009.

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.

**NOTE 15 - SUBSEQUENT EVENTS**

Management evaluated subsequent events through November 3, 2009, the date the financial statements were available to be issued. There were no events or transactions occurring after June 30, 2009 but prior to November 3, 2009 that provided additional evidence about conditions that existed at June 30, 2009. Events or transactions that provided evidence about conditions that did not exist at June 30, 2009, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2009.

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

**THE BABY FOLD**  
**SCHEDULE OF SUPPORT AND REVENUE**  
Year Ended June 30, 2009  
(With Comparative Totals for 2008)

	<u>Operating</u>
<b>PUBLIC SUPPORT AND REVENUE</b>	
Public support:	
Contributions:	
Churches	\$ 5,709
Nonchurch organizations	4,075
Corporate	7,316
Individuals	3,403
Foundations	16,000
Capital campaign pledges (collected or written off)	-
Bequests	-
United Way	141,127
Total public support	177,630
Revenue:	
Fees:	
Adoption service fees	58,861
DCFS home studies	30,700
Conference fees	10,566
Total revenue	100,127
Total public support and revenue	277,757
 <b>FEES AND GRANTS FROM GOVERNMENTAL AGENCIES</b>	
Residential purchase of service	4,050,076
Hammitt School fees	2,987,528
Hammitt High School tuition	2,050,384
Hammitt training and consultation fees	6,065
Tri-County Special Education	37,000
State and federal meals reimbursement	82,107
Challenges	881,149
Adoption contracts	496,203
Foster care	2,697,036
Project Choices	56,355
Healthy Start	161,813
Education Outreach	59,131
Second Chance	-
Life Skills Training	-
Therapeutic Stabilization	357,990
KTP Respite	50,000
Family Solutions	162,488
DCEO Grant	-
Horizons Counseling	30,830
Family Support Initiative	-
Total	14,166,155
 <b>OTHER REVENUE</b>	
Fund raising events	-
Net investment income (loss)	-
Earnings (losses) and distributions from estates in trust	-
In-kind contributions	7,356
Miscellaneous	17,552
Total	24,908
 <b>TOTAL SUPPORT AND REVENUE</b>	 <b>\$ 14,468,820</b>

<u>Unrestricted Fund</u>		<u>Temporarily Restricted Fund</u>	<u>Permanently Restricted Fund Endowment</u>	<u>Total All Funds 2009</u>	<u>Total (Memorandum Only) 2008</u>
<u>Investment</u>	<u>Total</u>				
\$ 61,447	\$ 67,156	\$ -	\$ -	\$ 67,156	\$ 50,423
18,227	22,302	-	-	22,302	17,838
17,054	24,370	-	-	24,370	34,617
197,979	201,382	9,853	-	211,235	243,322
8,286	24,286	-	-	24,286	10,050
(27,334)	(27,334)	-	-	(27,334)	(9,068)
172,231	172,231	-	-	172,231	134,151
-	141,127	-	-	141,127	138,607
<u>447,890</u>	<u>625,520</u>	<u>9,853</u>	<u>-</u>	<u>635,373</u>	<u>619,940</u>
-	58,861	-	-	58,861	43,320
-	30,700	-	-	30,700	31,700
-	10,566	-	-	10,566	8,871
-	100,127	-	-	100,127	83,891
<u>447,890</u>	<u>725,647</u>	<u>9,853</u>	<u>-</u>	<u>735,500</u>	<u>703,831</u>
-	4,050,076	-	-	4,050,076	3,081,490
-	2,987,528	-	-	2,987,528	3,336,007
-	2,050,384	-	-	2,050,384	2,161,892
-	6,065	-	-	6,065	15,062
-	37,000	-	-	37,000	36,000
-	82,107	-	-	82,107	79,296
-	881,149	-	-	881,149	-
-	496,203	-	-	496,203	465,164
-	2,697,036	-	-	2,697,036	2,580,460
-	56,355	-	-	56,355	54,942
-	161,813	-	-	161,813	161,813
-	59,131	-	-	59,131	59,728
-	-	-	-	-	23,183
-	-	-	-	-	14,380
-	357,990	-	-	357,990	271,291
-	50,000	-	-	50,000	50,000
-	162,488	-	-	162,488	134,993
-	-	-	-	-	10,000
-	30,830	-	-	30,830	24,009
-	-	-	-	-	179,166
-	14,166,155	-	-	14,166,155	12,738,876
317,747	317,747	-	-	317,747	274,583
(228,014)	(228,014)	-	-	(228,014)	182,652
102,838	102,838	-	(18,040)	84,798	(105,817)
4,144	11,500	-	-	11,500	8,349
-	17,552	-	-	17,552	64,428
<u>196,715</u>	<u>221,623</u>	<u>-</u>	<u>(18,040)</u>	<u>203,583</u>	<u>424,195</u>
<u>\$ 644,605</u>	<u>\$ 15,113,425</u>	<u>\$ 9,853</u>	<u>\$ (18,040)</u>	<u>\$ 15,105,238</u>	<u>\$ 13,866,902</u>

**THE BABY FOLD**  
**SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUE**  
Year Ended June 30, 2009  
(Operating Fund)

	<u>Residential Treatment Center</u>	<u>Hammitt School</u>	<u>Partners County Outreach</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Public support:			
Contributions:			
Churches	\$ 400	\$ -	\$ -
Nonchurch organizations	555	782	-
Corporate	-	4,781	-
Individuals	670	127	-
Foundations	-	-	-
United Way	-	-	52,960
Totals	<u>1,625</u>	<u>5,690</u>	<u>52,960</u>
Revenue:			
Fees:			
Adoption service fees	-	-	-
DCFS Home Studies	-	-	-
Conference fees	-	-	-
Totals	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>1,625</u>	<u>5,690</u>	<u>52,960</u>
<b>FEEES AND GRANTS FROM GOVERNMENTAL AGENCIES</b>			
Residential purchase of service	4,050,076	-	-
Hammitt School fees	-	2,987,528	-
Hammitt High School tuition	-	-	-
Hammitt training and consultation fees	-	6,065	-
Tri-County Special Education	-	-	37,000
State and federal meals reimbursement	26,145	31,640	-
Challenges	-	-	-
Adoption contracts	-	-	-
Foster care	-	-	-
Project Choices	-	-	-
Healthy Start	-	-	-
Education Outreach	-	-	-
Therapeutic Stabilization	-	-	-
KTP Respite	-	-	-
Family Solutions	-	-	-
Horizons Counseling	-	-	-
Totals	<u>4,076,221</u>	<u>3,025,233</u>	<u>37,000</u>
<b>OTHER REVENUE</b>			
In-kind contributions	7,356	-	-
Miscellaneous	100	-	-
Totals	<u>7,456</u>	<u>-</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>\$ 4,085,302</u>	<u>\$ 3,030,923</u>	<u>\$ 89,960</u>

<u>Hammitt High School</u>	<u>Education Outreach</u>	<u>Challenges</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>
\$ -	\$ -	\$ -	\$ -	\$ 5,309	\$ -	\$ -	\$ -
-	-	138	-	-	-	-	-
-	500	752	-	350	-	-	-
911	-	185	800	25	-	-	625
8,497	-	1,503	6,000	-	-	-	-
-	-	-	-	-	-	-	-
<u>9,408</u>	<u>500</u>	<u>2,578</u>	<u>6,800</u>	<u>5,684</u>	<u>-</u>	<u>-</u>	<u>625</u>
-	-	-	58,861	-	-	-	-
-	-	-	30,700	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	<u>89,561</u>	-	-	-	-
<u>9,408</u>	<u>500</u>	<u>2,578</u>	<u>96,361</u>	<u>5,684</u>	<u>-</u>	<u>-</u>	<u>625</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,050,384	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
16,337	-	7,985	-	-	-	-	-
-	-	881,149	-	-	-	-	-
-	-	-	1,935	-	-	-	494,268
-	-	-	-	1,497,345	197,002	1,002,689	-
-	-	-	-	-	-	-	-
-	59,131	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,066,721</u>	<u>59,131</u>	<u>889,134</u>	<u>1,935</u>	<u>1,497,345</u>	<u>197,002</u>	<u>1,002,689</u>	<u>494,268</u>
-	-	-	-	-	-	-	-
-	-	-	14,666	2,777	-	-	-
-	-	-	<u>14,666</u>	<u>2,777</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,076,129</u>	<u>\$ 59,631</u>	<u>\$ 891,712</u>	<u>\$ 112,962</u>	<u>\$ 1,505,806</u>	<u>\$ 197,002</u>	<u>\$ 1,002,689</u>	<u>\$ 494,893</u>

**THE BABY FOLD**  
**SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUE**  
Year Ended June 30, 2009  
(Operating Fund)

	<u>Healthy Start</u>	<u>Project Choices</u>	<u>Intact Family Services</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Public support:			
Contributions:			
Churches	\$ -	\$ -	\$ -
Nonchurch organizations	2,600	-	-
Corporate	225	-	708
Individuals	60	-	-
Foundations	-	-	-
United Way	88,167	-	-
Totals	<u>91,052</u>	<u>-</u>	<u>708</u>
Revenue:			
Fees:			
Adoption service fees	-	-	-
DCFS Home Studies	-	-	-
Conference fees	-	-	-
Totals	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>91,052</u>	<u>-</u>	<u>708</u>
<b>FEEES AND GRANTS FROM GOVERNMENTAL AGENCIES</b>			
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	-	-	-
Challenges	-	-	-
Adoption contracts	-	-	-
Foster care	-	-	-
Project Choices	-	56,355	-
Healthy Start	161,813	-	-
Education Outreach	-	-	-
Therapeutic Stabilization	-	-	-
KTP Respite	-	-	-
Family Solutions	-	-	162,488
Horizons Counseling	-	-	-
Totals	<u>161,813</u>	<u>56,355</u>	<u>162,488</u>
<b>OTHER REVENUE</b>			
In-kind contributions	-	-	-
Miscellaneous	-	-	2
Totals	<u>-</u>	<u>-</u>	<u>2</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>\$ 252,865</u>	<u>\$ 56,355</u>	<u>\$ 163,198</u>

<u>Therapeutic Stabilization</u>	<u>KTP Respite</u>	<u>Horizons Counseling</u>	<u>Learning Institute</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 5,709
-	-	-	-	4,075
-	-	-	-	7,316
-	-	-	-	3,403
-	-	-	-	16,000
-	-	-	-	141,127
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,630</u>
-	-	-	-	58,861
-	-	-	-	30,700
-	-	-	10,566	10,566
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,566</u>	<u>100,127</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,566</u>	<u>277,757</u>
-	-	-	-	4,050,076
-	-	-	-	2,987,528
-	-	-	-	2,050,384
-	-	-	-	6,065
-	-	-	-	37,000
-	-	-	-	82,107
-	-	-	-	881,149
-	-	-	-	496,203
-	-	-	-	2,697,036
-	-	-	-	56,355
-	-	-	-	161,813
-	-	-	-	59,131
357,990	-	-	-	357,990
-	50,000	-	-	50,000
-	-	-	-	162,488
-	-	30,830	-	30,830
<u>357,990</u>	<u>50,000</u>	<u>30,830</u>	<u>-</u>	<u>14,166,155</u>
-	-	-	-	7,356
-	-	7	-	17,552
<u>-</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>24,908</u>
<u>\$ 357,990</u>	<u>\$ 50,000</u>	<u>\$ 30,837</u>	<u>\$ 10,566</u>	<u>\$ 14,468,820</u>

**THE BABY FOLD**  
**SCHEDULE OF FUNCTIONAL EXPENSES WITH ALLOCATION**  
**OF MANAGEMENT AND GENERAL EXPENSES**  
**Year Ended June 30, 2009**  
**(With Comparative Totals for 2008)**

	<u>Residential Treatment Center</u>	<u>Hammitt School</u>	<u>Partners County Outreach</u>
Salaries and wages	\$ 2,143,393	\$ 1,645,885	\$ 62,786
Group insurance	208,029	157,968	15,563
Pensions	65,182	58,630	2,120
Social security and Medicare tax	155,985	122,035	4,351
Unemployment compensation taxes	1,470	1,081	34
Workers' compensation insurance	37,775	30,435	1,163
Professional liability insurance	12,143	10,154	326
Employee medical	3,966	746	2
Auditing and legal fees	-	-	-
Administrative consultants	-	-	-
Data processing	3,095	755	-
Office supplies and expense	3,466	2,787	-
Telephone	7,043	2,852	78
Printing	-	-	-
Postage	238	164	-
Office equipment rental	3,805	6,370	42
Subscriptions	268	239	-
Rent	-	-	-
Utilities	156,198	54,610	608
Buildings and grounds supplies	30,998	12,950	281
Maintenance of buildings and grounds	31,364	59,084	138
Equipment repairs	17,638	17,235	212
Property insurance	4,332	3,815	114
Travel	25,486	11,783	2,447
Auto insurance	3,589	3,060	95
Conference and convention expense	10,520	7,250	356
Program supplies	44,305	43,413	22
Specific assistance	16,413	-	-
Medical supplies	9,845	661	-
Food	46,542	38,594	-
Kitchen service supplies	4,895	2,863	-
Professional consultants	16,945	5,504	-
Student stipend	-	-	-
Foster home care	-	-	-
Festival expenses	-	-	-
Dues	85	2,270	3
Board of Trustees expense	-	-	-
Interest expense	93,515	2,977	-
Miscellaneous	1,607	1,559	-
Depreciation expense	205,183	106,917	1,955
Totals	3,365,318	2,414,646	92,696
Allocation of management cost to program cost	398,200	307,149	13,102
<b>TOTAL EXPENSES</b>	<b>\$ 3,763,518</b>	<b>\$ 2,721,795</b>	<b>\$ 105,798</b>

**Program Services**

<b>Hammitt High School</b>	<b>Education Outreach</b>	<b>Challenges</b>	<b>Adoption</b>	<b>Foster Traditional/ HRM Care</b>	<b>Foster Specialized Care</b>
\$ 1,346,588	\$ 38,898	\$ 735,566	\$ 205,327	\$ 738,962	\$ 85,978
154,423	3,361	66,842	18,940	86,534	5,255
49,866	1,136	27,361	7,543	25,618	1,852
97,837	2,783	50,864	15,425	53,593	5,819
702	22	359	123	453	17
24,882	713	12,815	3,891	13,418	1,504
6,503	233	3,713	1,165	4,289	140
691	4	253	30	645	17
-	-	-	880	-	-
-	-	-	-	-	-
1,213	-	240	1	2	-
3,555	2	832	174	1,844	6
6,555	162	1,109	3,613	3,988	415
455	-	45	-	-	-
40	6	32	272	230	11
4,235	86	1,519	594	2,184	78
1,092	-	223	49	-	-
180,350	-	17,837	-	-	-
-	1,084	9,600	6,271	23,208	1,029
5,558	142	2,982	659	2,421	88
34,139	512	13,251	3,870	14,166	485
2,901	235	3,275	1,335	4,900	170
2,574	76	921	420	1,546	57
12,064	1,159	3,862	6,636	44,268	1,253
1,988	63	1,008	348	1,281	47
10,773	173	2,874	843	3,826	215
27,509	5	11,961	1,144	1,636	50
46	-	5	-	534	-
307	-	90	2,796	-	-
27,347	-	10,154	-	-	-
3,779	-	930	-	-	-
99	-	9,550	-	48,996	938
-	-	-	-	7,920	-
-	-	-	-	276,464	75,740
-	-	-	-	-	-
1,125	3	544	205	8	3
-	-	-	-	-	-
-	-	331	4,059	14,734	601
1,142	-	412	406	2,103	26
<u>39,751</u>	<u>2,264</u>	<u>19,595</u>	<u>12,166</u>	<u>44,388</u>	<u>1,544</u>
2,050,089	53,122	1,010,955	299,185	1,424,159	183,338
<u>254,847</u>	<u>7,143</u>	<u>136,028</u>	<u>38,253</u>	<u>139,969</u>	<u>15,232</u>
<u>\$ 2,304,936</u>	<u>\$ 60,265</u>	<u>\$ 1,146,983</u>	<u>\$ 337,438</u>	<u>\$ 1,564,128</u>	<u>\$ 198,570</u>

**THE BABY FOLD**  
**SCHEDULE OF FUNCTIONAL EXPENSES WITH ALLOCATION**  
**OF MANAGEMENT AND GENERAL EXPENSES**  
**Year Ended June 30, 2009**  
**(With Comparative Totals for 2008)**

	<b>Foster Professional Care</b>	<b>Keeping the Promise</b>
Salaries and wages	\$ 577,556	\$ 297,427
Group insurance	59,053	22,008
Pensions	20,070	10,225
Social security and Medicare tax	42,595	21,061
Unemployment compensation taxes	313	185
Workers' compensation insurance	10,537	5,314
Professional liability insurance	2,983	1,771
Employee medical	431	69
Auditing and legal fees	-	-
Administrative consultants	-	-
Data processing	176	1
Office supplies and expense	506	1,888
Telephone	3,461	1,885
Printing	-	-
Postage	95	27
Office equipment rental	1,251	893
Subscriptions	-	-
Rent	-	-
Utilities	11,526	9,487
Buildings and grounds supplies	1,271	983
Maintenance of buildings and grounds	7,231	5,767
Equipment repairs	2,954	2,004
Property insurance	1,069	630
Travel	32,645	18,891
Auto insurance	885	522
Conference and convention expense	3,257	2,774
Program supplies	643	15,679
Specific assistance	-	1,663
Medical supplies	194	-
Food	-	-
Kitchen service supplies	-	-
Professional consultants	7,040	-
Student stipend	-	-
Foster home care	85,989	-
Festival expenses	-	-
Dues	8	13
Board of Trustees expense	-	-
Interest expense	7,517	6,014
Miscellaneous	146	204
Depreciation expense	24,601	18,106
	906,003	445,491
Totals	906,003	445,491
Allocation of management cost to program cost	108,130	54,242
<b>TOTAL EXPENSES</b>	<b>\$ 1,014,133</b>	<b>\$ 499,733</b>

**Program Services**

<u>Healthy Start</u>	<u>Project Choices</u>	<u>Intact Family Services</u>	<u>Therapeutic Stabilization</u>	<u>KTP Respite</u>
\$ 182,894	\$ 39,072	\$ 123,462	\$ 182,410	\$ 24,036
19,298	3,995	27,021	5,592	441
6,915	1,510	4,722	5,974	709
12,654	3,073	8,354	12,517	1,238
101	22	101	95	17
3,284	773	2,253	2,937	279
978	233	933	932	140
29	1	99	219	1
-	-	-	-	-
-	-	-	-	-
24	-	-	-	-
-	11	6	1,666	1
800	318	1,021	1,007	91
-	-	-	-	-
15	3	31	14	2
492	109	510	451	78
-	6	-	-	-
-	-	-	-	-
5,157	1,172	5,075	4,963	926
543	123	653	525	86
3,167	725	3,044	3,024	506
1,098	248	1,111	1,042	171
343	76	343	324	57
9,236	4,056	5,717	12,157	152
285	63	285	269	47
1,794	468	1,840	667	7
2,029	-	496	7,306	15,413
637	-	8,371	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,303	-	16,008	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
330	-	5	-	-
-	-	-	-	-
3,308	752	3,308	3,157	601
3	8	3	8	-
<u>9,911</u>	<u>2,260</u>	<u>10,127</u>	<u>9,524</u>	<u>1,686</u>
267,628	59,077	224,899	256,780	46,685
<u>34,271</u>	<u>7,378</u>	<u>25,326</u>	<u>31,898</u>	<u>4,065</u>
<u>\$ 301,899</u>	<u>\$ 66,455</u>	<u>\$ 250,225</u>	<u>\$ 288,678</u>	<u>\$ 50,750</u>

**THE BABY FOLD**  
**SCHEDULE OF FUNCTIONAL EXPENSES WITH ALLOCATION**  
**OF MANAGEMENT AND GENERAL EXPENSES**  
**Year Ended June 30, 2009**  
**(With Comparative Totals for 2008)**

	<b>Program Services</b>		
	<b>Horizons Counseling</b>	<b>Learning Institute</b>	<b>Total Program Services</b>
Salaries and wages	\$ 23,276	\$ 19,447	\$ 8,472,963
Group insurance	1,110	1,586	857,019
Pensions	694	645	290,772
Social security and Medicare tax	1,294	1,339	612,817
Unemployment compensation taxes	-	11	5,106
Workers' compensation insurance	333	318	152,624
Professional liability insurance	-	93	46,729
Employee medical	-	1	7,204
Auditing and legal fees	-	-	880
Administrative consultants	-	-	-
Data processing	641	-	6,148
Office supplies and expense	-	1	16,745
Telephone	3,318	87	37,803
Printing	5,756	-	6,256
Postage	-	2	1,182
Office equipment rental	-	54	22,751
Subscriptions	-	-	1,877
Rent	7,290	-	205,477
Utilities	-	681	291,595
Buildings and grounds supplies	27	71	60,361
Maintenance of buildings and grounds	30	367	180,870
Equipment repairs	-	122	56,651
Property insurance	-	38	16,735
Travel	155	223	192,190
Auto insurance	-	32	13,867
Conference and convention expense	7	53	47,697
Program supplies	15	362	171,988
Specific assistance	-	-	27,669
Medical supplies	-	-	13,893
Food	-	-	122,637
Kitchen service supplies	-	-	12,467
Professional consultants	-	1,200	108,583
Student stipend	-	-	7,920
Foster home care	-	-	438,193
Festival expenses	-	-	-
Dues	-	13	4,615
Board of Trustees expense	-	-	-
Interest expense	-	301	141,175
Miscellaneous	2,382	-	10,009
Depreciation expense	646	1,142	511,766
	<u>46,974</u>	<u>28,189</u>	<u>13,175,234</u>
Totals			
Allocation of management cost to program cost	<u>4,043</u>	<u>3,551</u>	<u>1,582,827</u>
<b>TOTAL EXPENSES</b>	<u>\$ 51,017</u>	<u>\$ 31,740</u>	<u>\$ 14,758,061</u>

**Support Services**

<b>Management and General</b>	<b>Public Relations</b>	<b>Total Support Services</b>	<b>Total Expenses</b>	
			<b>2009</b>	<b>2008</b>
\$ 934,580	\$ 259,690	\$ 1,194,270	\$ 9,667,233	\$ 9,233,147
98,650	17,291	115,941	972,960	957,811
25,873	11,679	37,552	328,324	291,520
64,120	19,320	83,440	696,257	662,116
853	151	1,004	6,110	44,619
13,683	3,099	16,782	169,406	190,313
-	-	-	46,729	53,856
19,194	132	19,326	26,530	8,946
30,366	-	30,366	31,246	31,593
61,160	9,948	71,108	71,108	59,404
56,082	6,168	62,250	68,398	77,050
40,120	456	40,576	57,321	68,535
23,981	1,469	25,450	63,253	61,121
686	29,287	29,973	36,229	27,222
21,904	4,448	26,352	27,534	27,376
3,684	7,970	11,654	34,405	33,895
394	231	625	2,502	1,233
-	-	-	205,477	198,484
45,366	5,827	51,193	342,788	288,700
6,614	1,361	7,975	68,336	66,325
20,918	7,251	28,169	209,039	214,205
8,716	2,134	10,850	67,501	82,468
21,205	516	21,721	38,456	56,595
7,800	1,013	8,813	201,003	205,655
1,518	427	1,945	15,812	14,777
12,683	5,807	18,490	66,187	58,579
-	-	-	171,988	173,317
-	-	-	27,669	43,413
-	-	-	13,893	13,226
-	-	-	122,637	119,642
-	-	-	12,467	13,084
-	-	-	108,583	119,853
-	-	-	7,920	20,400
-	-	-	438,193	391,557
-	114,279	114,279	114,279	110,674
29,171	320	29,491	34,106	33,890
1,913	-	1,913	1,913	497
16,423	-	16,423	157,598	177,926
12,719	4,575	17,294	27,303	43,981
<u>49,617</u>	<u>11,120</u>	<u>60,737</u>	<u>572,503</u>	<u>578,847</u>
1,629,993	525,969	2,155,962	15,331,196	14,855,852
<u>(1,629,993)</u>	<u>47,166</u>	<u>(1,582,827)</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 573,135</u>	<u>\$ 573,135</u>	<u>\$ 15,331,196</u>	<u>\$ 14,855,852</u>

**THE BABY FOLD**  
**SCHEDULE OF EARNINGS (LOSSES) ON INVESTED ASSETS -**  
**INVESTMENT FUND (UNRESTRICTED)**  
**Year Ended June 30, 2009**

**INVESTMENT INCOME FROM REAL ESTATE**

Income from farms and rental property	\$ 413,060	
Less:		
Farm and rental expenses	(73,854)	
Farm management fees	<u>(25,189)</u>	
Net investment income from real estate		\$ 314,017

**INVESTMENT INCOME FROM SECURITIES**

Interest - government securities	58,880	
Interest - corporate bonds	28,981	
Interest - money market	3,144	
Dividends - corporate stocks	<u>48,376</u>	
Total interest and dividends	139,381	
Net unrealized loss on investments	\$ (215,880)	
Net realized loss on sale of investments	<u>(439,089)</u>	
Net realized and unrealized loss	(654,969)	
Less: Investment fees	<u>(26,443)</u>	
Net investment loss from securities		<u>(542,031)</u>

**NET INVESTMENT LOSS** \$ (228,014)

**THE BABY FOLD  
RESIDENTIAL TREATMENT CENTER, FOSTER FAMILY  
CARE, AND ADOPTION PROGRAMS STATISTICS  
Year Ended June 30, 2009**

(Unaudited)

	<b><u>Days of Care</u></b>
<b>RESIDENTIAL TREATMENT CENTER PROGRAM</b>	
Children placed by:	
Department of Children and Family Services	7,461
Illinois State Board of Education	692
Illinois Department of Human Services	<u>2,058</u>
	<u>10,211</u>
 <b>FOSTER FAMILY CARE PROGRAM</b>	
Children placed by Department of Children and Family Services on a long-term basis	<u>52,109</u>
 <b>ADOPTION PROGRAM</b>	
Placements:	
Department of Children and Family Services	<u>15</u>