

THE BABY FOLD
Normal, Illinois

**FINANCIAL REPORT AND
SUPPLEMENTAL INFORMATION**
June 30, 2007

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, 2007, 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, 2006 financial statements and our report dated September 16, 2006 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, 2007, 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.

As discussed in Note 1 to the financial statements under New Accounting Standard, the Organization changed the manner in which it accounts for its defined benefit pension plan in 2007.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2007 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 as a whole. The accompanying supplemental information on pages 24 through 37 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 38 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 5, 2007

THE BABY FOLD
STATEMENT OF FINANCIAL POSITION
June 30, 2007
(With Comparative Totals for 2006)

ASSETS	<u>Operating</u>
Cash and cash equivalents	\$ 869,776
Accounts receivable	1,138,633
Pledges receivable (Note 2)	-
Food inventory	12,081
Prepaid expenses	151,140
Accrued interest receivable	-
Investment securities, at fair value (Note 3)	-
Grain inventories, at fair value	-
Investments in real estate (Note 4)	-
Investments held in trust by others, at fair value (Note 5)	-
Cash value of life insurance	-
Land, buildings, and equipment, net (Note 6)	8,800,164
Intangible pension asset	-
Unamortized bond fees	<u>34,326</u>
 TOTAL ASSETS	 <u>\$ 11,006,120</u>
 LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	\$ 201,110
Accrued expenses	780,656
Pension payable (Note 10)	432,236
Deferred revenue - annuity contracts	-
Deferred revenue - program	47,129
Obligations under capital lease (Note 8)	138,684
Bonds payable (Note 7)	<u>3,338,468</u>
Total liabilities	<u>4,938,283</u>
 NET ASSETS	
Unrestricted	6,067,837
Unrestricted - designated for investment by Organization's by-laws	-
Permanently restricted (Note 9)	-
Total net assets	<u>6,067,837</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 11,006,120</u>

<u>Unrestricted Fund</u>		<u>Permanently Restricted Fund Endowment</u>	<u>Total 2007</u>	<u>Total (Memorandum Only) 2006</u>
<u>Investment</u>	<u>Total</u>			
\$ 110,414	\$ 980,190	\$ -	\$ 980,190	\$ 718,041
-	1,138,633	-	1,138,633	1,295,055
36,402	36,402	-	36,402	41,236
-	12,081	-	12,081	14,284
3,254	154,394	-	154,394	134,438
18,130	18,130	-	18,130	17,741
5,338,617	5,338,617	313,328	5,651,945	5,491,980
40,230	40,230	-	40,230	29,500
1,625,106	1,625,106	114,500	1,739,606	1,739,606
-	-	3,652,052	3,652,052	3,268,194
12,515	12,515	-	12,515	12,103
-	8,800,164	-	8,800,164	9,115,413
-	-	-	-	50,113
-	34,326	-	34,326	38,228
<u>\$ 7,184,668</u>	<u>\$ 18,190,788</u>	<u>\$ 4,079,880</u>	<u>\$ 22,270,668</u>	<u>\$ 21,965,932</u>
\$ -	\$ 201,110	\$ -	\$ 201,110	\$ 181,017
9,525	790,181	-	790,181	737,111
-	432,236	-	432,236	15,048
179,781	179,781	-	179,781	182,111
-	47,129	-	47,129	33,809
-	138,684	-	138,684	171,293
-	3,338,468	-	3,338,468	3,625,481
<u>189,306</u>	<u>5,127,589</u>	<u>-</u>	<u>5,127,589</u>	<u>4,945,870</u>
-	6,067,837	-	6,067,837	6,492,736
6,995,362	6,995,362	-	6,995,362	6,831,304
-	-	4,079,880	4,079,880	3,696,022
<u>6,995,362</u>	<u>13,063,199</u>	<u>4,079,880</u>	<u>17,143,079</u>	<u>17,020,062</u>
<u>\$ 7,184,668</u>	<u>\$ 18,190,788</u>	<u>\$ 4,079,880</u>	<u>\$ 22,270,668</u>	<u>\$ 21,965,932</u>

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

**THE BABY FOLD
STATEMENT OF ACTIVITIES
Year Ended June 30, 2007
(With Comparative Totals for 2006)**

	Operating
REVENUE, GAINS, AND OTHER SUPPORT	
Contributions	\$ 205,322
Fees	72,190
Fees from governmental agencies	7,798,341
Grants from governmental agencies	3,772,324
Net investment income (Note 3)	-
In-kind contributions	22,906
Other	45,974
Total revenue, gains, and other support	11,917,057
EXPENSES	
Program services:	
Residential Treatment Center	3,439,101
Hammitt School	3,205,805
Partners County Outreach	87,700
Training and Consultation	42,189
Hammitt High School	1,134,654
Education Outreach	56,718
Adoption	248,222
Foster Traditional/HRM Care	1,358,101
Foster Specialized Care	93,595
Foster Professional Care	748,270
Reunification Services	-
Pregnancy Counseling	19,983
Keeping the Promise	393,663
Healthy Start	271,556
Project Choices	62,530
Family Solutions	208,283
Second Chance Renters	53,983
Family Support Initiative	152,375
Life Skills Training	27,806
Therapeutic stabilization	142,896
KTP Respite	31,241
Horizons Counseling	18,020
Total	11,796,691
Support services:	
Management and general	1,448,973
Public relations	-
Annuity payments	-
Total	1,448,973
Total expenses	13,245,664
Increase (decrease) in net assets	(1,328,607)
TRANSFERS IN (OUT)	
Operating Fund from Investment Fund	1,375,329
EFFECT OF ADOPTION OF RECOGNITION PROVISIONS OF FASB STATEMENT NO. 158	
Total change in net assets	(471,621)
NET ASSETS	
Beginning of year	6,492,736
Minimum pension liability adjustment	-
End of year	\$ 6,067,837

<u>Unrestricted Fund</u>		<u>Permanently Restricted Fund Endowment</u>	<u>Total 2007</u>	<u>Total (Memorandum Only) 2006</u>
<u>Investment</u>	<u>Total</u>			
\$ 579,165	\$ 784,487	\$ -	\$ 784,487	\$ 1,813,363
-	72,190	-	72,190	57,688
-	7,798,341	-	7,798,341	7,830,797
-	3,772,324	-	3,772,324	3,320,874
1,094,920	1,094,920	-	1,094,920	337,593
-	22,906	-	22,906	121,017
<u>394,550</u>	<u>440,524</u>	<u>383,858</u>	<u>824,382</u>	<u>875,756</u>
<u>2,068,635</u>	<u>13,985,692</u>	<u>383,858</u>	<u>14,369,550</u>	<u>14,357,088</u>
-	3,439,101	-	3,439,101	3,293,526
-	3,205,805	-	3,205,805	3,127,763
-	87,700	-	87,700	83,103
-	42,189	-	42,189	38,328
-	1,134,654	-	1,134,654	1,069,534
-	56,718	-	56,718	56,421
-	248,222	-	248,222	199,583
-	1,358,101	-	1,358,101	1,213,084
-	93,595	-	93,595	99,898
-	748,270	-	748,270	901,596
-	-	-	-	5,521
-	19,983	-	19,983	18,660
-	393,663	-	393,663	374,046
-	271,556	-	271,556	352,332
-	62,530	-	62,530	59,798
-	208,283	-	208,283	203,356
-	53,983	-	53,983	37,174
-	152,375	-	152,375	145,760
-	27,806	-	27,806	28,888
-	142,896	-	142,896	58,760
-	31,241	-	31,241	28,336
-	18,020	-	18,020	-
<u>-</u>	<u>11,796,691</u>	<u>-</u>	<u>11,796,691</u>	<u>11,395,467</u>
43,459	1,492,432	-	1,492,432	1,447,603
470,013	470,013	-	470,013	339,293
15,776	15,776	-	15,776	14,660
<u>529,248</u>	<u>1,978,221</u>	<u>-</u>	<u>1,978,221</u>	<u>1,801,556</u>
<u>529,248</u>	<u>13,774,912</u>	<u>-</u>	<u>13,774,912</u>	<u>13,197,023</u>
1,539,387	210,780	383,858	594,638	1,160,065
(1,375,329)	-	-	-	-
-	(471,621)	-	(471,621)	-
164,058	(260,841)	383,858	123,017	1,160,065
6,831,304	13,324,040	3,696,022	17,020,062	15,825,332
-	-	-	-	34,665
<u>\$ 6,995,362</u>	<u>\$ 13,063,199</u>	<u>\$ 4,079,880</u>	<u>\$ 17,143,079</u>	<u>\$ 17,020,062</u>

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

THE BABY FOLD
STATEMENT OF CASH FLOWS
Year Ended June 30, 2007
(With Comparative Totals for 2006)

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 123,017	\$ 1,160,065
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	554,872	545,910
Amortization of bond fees	3,902	3,902
Gain on investments, realized and unrealized	(732,080)	(65,466)
Gain on disposal of fixed assets	(8,262)	(1,318)
(Increase) decrease in cash value of life insurance	(412)	9,216
Unrealized gain on trust held by others	(383,858)	(647,426)
Changes in operating assets and liabilities:		
Accounts receivable	156,422	(64,516)
Pledges receivable	4,834	7,384
Inventories, food and grain	(8,527)	(7,066)
Prepaid expenses	(19,956)	(19,059)
Accrued interest receivable	(389)	5,256
Intangible pension asset	50,113	6,782
Accounts payable and accrued expenses	73,163	38,421
Pension payable	417,188	(25,976)
Deferred revenue - annuity contracts	(2,330)	(918)
Deferred revenue - program	13,320	(1,815)
Minimum pension liability adjustment	-	34,665
	<hr/>	<hr/>
Net cash provided by operating activities	<u>241,017</u>	<u>978,041</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(2,445,967)	(2,271,669)
Proceeds from sale of investment securities	3,018,082	1,751,072
Purchase of property and equipment	(239,623)	(191,295)
Proceeds from sale of property and equipment	8,262	13,871
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	<u>340,754</u>	<u>(698,021)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on obligations under capital lease	(32,609)	(12,836)
Principal payments on bonds payable	(287,013)	(273,007)
	<hr/>	<hr/>
Net cash used in financing activities	<u>(319,622)</u>	<u>(285,843)</u>

**THE BABY FOLD
STATEMENT OF CASH FLOWS
Year Ended June 30, 2007
(With Comparative Totals for 2006)**

	<u>2007</u>	<u>2006</u>
NET INCREASE (DECREASE) IN CASH	\$ 262,149	\$ (5,823)
 CASH AND CASH EQUIVALENTS		
Beginning of year	<u>718,041</u>	<u>723,864</u>
End of year	<u>\$ 980,190</u>	<u>\$ 718,041</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 199,345</u>	<u>\$ 206,558</u>
 SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Reclassification of donor restricted assets from unrestricted investments held jointly with others, at fair value to permanently restricted investments held in trust by others, at fair value	<u>\$ -</u>	<u>\$ 11,192</u>
Reclassification of donor restricted assets from unrestricted investments in real estate to permanently restricted investments held in trust by others, at fair value	<u>\$ -</u>	<u>\$ 365,040</u>
Reclassification of donor restricted assets from permanently restricted investments held in trust by others, at fair value to permanently restricted investment securities, at fair value	<u>\$ -</u>	<u>\$ 11,484</u>
Equipment acquired under capital lease	<u>\$ -</u>	<u>\$ 184,129</u>

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

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

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, 2007

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, 2007

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, 2007

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, 2007

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, 2006, from which the summarized information was derived.

(q) New Accounting Standard

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 158 (SFAS 158), *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R)*. SFAS 158 requires recognition of the overfunded or underfunded status of pension and other postretirement benefit plans on the statement of financial position. Under SFAS 158, gains and losses, prior service costs or credits, and transition assets or obligations that have not yet been included in net periodic benefit cost as of the end of the fiscal year in which SFAS 158 is initially applied are included in the ending balance of unrestricted net assets. Any required adjustment is reported in the statement of activities, in a separate line item or items within changes in unrestricted net assets, apart from expenses and outside a performance indicator or other intermediate measure of operations, if one is presented.

NOTE 2 - 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, 2007, the Organization has unconditional contributions receivable as follows:

Due within 1 year	<u>\$ 36,402</u>
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THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 2 - PLEDGES RECEIVABLE (CONTINUED)

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

NOTE 3 - 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, 2007:

	<u>Cost</u>	<u>Fair Value</u>	<u>Excess of Fair Value Over (Under) Cost</u>
Corporate bonds	\$ 489,057	\$ 473,502	\$ (15,555)
Corporate stocks	2,592,328	3,848,845	1,256,517
Government securities	1,301,942	1,282,678	(19,264)
Money market	<u>46,920</u>	<u>46,920</u>	<u>-</u>
Total end of year	<u>\$ 4,430,247</u>	<u>\$ 5,651,945</u>	<u>\$ 1,221,698</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2007:

	<u>Unrestricted</u>
Securities - interest	\$ 96,255
Dividends - corporate stocks	75,691
Realized gain on sale of investments	271,652
Unrealized gain on investments	460,428
Mutual Fund distribution	<u>8,159</u>
Investment income from securities	912,185
Net farm rental income	223,511
Investment fees	<u>(40,776)</u>
Net investment income	<u>\$ 1,094,920</u>

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 4 - 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, 2007</u>
Lorraine Waters - 152 acres	\$ 340,988	\$ 644,088
Bruce Goodin - 173 acres	51,580	743,850
Maude Burton - 204 acres	61,200	800,700
Mary J. Cornell - 160 acres	56,000	628,000
Eva Casey - 133 acres	63,986	547,800
Alta Johnston - 229 acres	114,500	996,150
Rosetta Fox Courtney - 112 acres	55,730	284,223
Irene Blum - 80 acres	200,485	400,000
T. George Baker - 240 acres	663,600	900,938
William C. Decker - 60 acres	<u>131,537</u>	<u>219,000</u>
Total	<u>\$ 1,739,606</u>	<u>\$ 6,164,749</u>

NOTE 5 - 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, 2007 as provided by the outside fiscal agent.

James B. Kennedy Trust	\$ 319,526
O.V. Douglass	125,832
Charles Ockerman Trust	188,363
Gladys Stratton Trust	758,482
Bessie Row Trust	39,851
Nina Bozarth Trust	337,958
Maude Scranton Trust	548,107
Thaddeus Stubblefield Trust	15,015
Genevieve Moyer Trust	319,221
C.D. Myers Trust	2,664
Thomas Campbell	<u>997,033</u>
Total investments held in trust by others	<u>\$ 3,652,052</u>

**THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 5 - 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)	\$ 138,410
Increase in fair value (permanently restricted)	<u>383,858</u>
	<u>\$ 522,268</u>

NOTE 6 - LAND, BUILDINGS, AND EQUIPMENT

The following is a summary of land, buildings, and equipment at June 30, 2007:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>	<u>Current Year Depreciation</u>
Land and improvements	\$ 650,975	\$ 74,522	\$ 576,453	\$ 7,578
Buildings	12,252,564	4,498,744	7,753,820	395,128
Equipment:				
Office furniture, data processing, and other equipment	1,910,714	1,544,914	365,800	113,406
Audio-visual and miscellaneous tools and equipment	67,368	57,689	9,679	2,946
Transportation equipment	<u>387,501</u>	<u>293,089</u>	<u>94,412</u>	<u>35,814</u>
Totals	<u>\$15,269,122</u>	<u>\$ 6,468,958</u>	<u>\$ 8,800,164</u>	<u>\$ 554,872</u>

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

Bonds payable as of June 30, 2007 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.

\$ 3,338,468

Interest expense for the year ended June 30, 2007 was \$185,987.

**THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

**NOTE 7 - 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:	
2008	\$ 301,737
2009	317,216
2010	333,489
2011	350,597
2012	368,582
2013 and thereafter	<u>1,666,847</u>
Total	<u>\$ 3,338,468</u>

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

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 - 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, 2007 is as follows:

Cost	\$ 184,129
Accumulated depreciation	<u>39,456</u>
Net book value	<u>\$ 144,673</u>

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 8 - OBLIGATIONS UNDER CAPITAL LEASE (CONTINUED)

Future minimum lease payments under these leases are as follows:

2008	\$ 44,465
2009	45,968
2010	45,968
2011	<u>24,487</u>
Total minimum lease payments	160,888
Less amount representing interest	<u>(22,204)</u>
Present value of minimum lease payments	<u>\$ 138,684</u>

NOTE 9 - RESTRICTED NET ASSETS

The following grants and contributions have been 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 5)	<u>3,652,052</u>
Total	<u>\$ 4,079,880</u>

NOTE 10 - 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 BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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 totaled \$243,311, which includes \$169,897 of defined benefit pension expense and \$73,414 for matching the employees' contributions to their 403(b) plan.

Net pension cost for the Organization's defined benefit pension plan consisted of the following components for the year ended June 30, 2007:

Service cost (benefits earned) - current year	\$ 200,393
Interest cost on projected benefit obligation	130,910
Expected return on plan assets	(149,655)
Net amortization and deferral	<u>(11,751)</u>
Net pension cost	<u>\$ 169,897</u>

The following sets forth the Plan's funded status and the amounts recognized in the financial statements at June 30, 2007:

	<u>Pension Benefits</u>
Projected benefit obligation	\$ (2,746,507)
Fair value of plan assets	<u>2,314,271</u>
Funded status	<u>\$ (432,236)</u>

Weighted-average assumptions used to determine benefit obligations:

Discount rate	5.75%
Expected return on plan assets	7.75%
Rate of compensation increase	2.50%
Benefit cost	\$ 216,727
Employer contribution	174,217
Benefits paid	14,480

The accumulated benefit obligation was \$2,279,426 at June 30, 2007.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Assets

The Baby Fold's pension plan asset allocations at June 30, 2007 by asset category are follows:

Equity securities	61%
Fixed income securities	36%
Cash and cash equivalents	3%

The Organization's target asset allocation as of June 30, 2007, 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 \$215,691 to the pension plan in fiscal year 2008.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Estimated Future Benefit Payments

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

Fiscal Year

2008	\$ 25,366
2009	30,028
2010	32,805
2011	41,789
2012	62,679
2013-2017	481,386

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.

Additional disclosures required by SFAS 158 are as follows:

Reconciliation of Items Not Yet Reflected in Net Periodic Benefit Cost

	<u>July 1, 2006</u>	<u>Reclassified as Net Periodic Benefit Cost</u>	<u>Amounts Arising During Period</u>	<u>June 30, 2007</u>
1. Transition asset	\$ 5,298	\$ (2,653)	\$ -	\$ 2,645
2. Net prior service cost	50,113	(6,782)	-	43,331
3. Net loss	459,249	(25,644)	(7,960)	425,645

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	<u>July 1, 2007</u>	<u>Estimated Amounts to be Reclassified as Net Periodic Benefit Cost</u>
1. Transition asset	\$ 2,645	\$ 2,645
2. Net prior service cost	43,331	6,782
3. Net loss	425,645	16,271

No plan assets are expected to be returned to the employer during the July 1, 2007 to June 30, 2008 fiscal year.

NOTE 11 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash accounts in four banks. The amounts on deposit at June 30, 2007 exceeded the federally-insured limits by \$390,288.

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 12 - 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, 2007 are due as follows:

Year ending June 30:	
2008	\$ 30,116
2009	22,036
2010	17,620
2011	<u>6,453</u>
Total minimum lease payments	<u>\$ 76,225</u>

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 12 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

The total rental expense reflected in the schedule of functional expenses is \$122,112 for the year ended June 30, 2007.

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, 2007
(With Comparative Totals for 2006)

	Operating
PUBLIC SUPPORT AND REVENUE	
Public support:	
Contributions:	
Churches	\$ 1,000
Nonchurch organizations	11,000
Corporate	3,300
Individuals	34,966
Foundations	18,499
Capital campaign pledges (collected)	-
Bequests	-
United Way	136,557
Total public support	205,322
Revenue:	
Adoption service fees	38,990
DCFS home studies	33,200
Total revenue	72,190
Total public support and revenue	277,512
 FEES AND GRANTS FROM GOVERNMENTAL AGENCIES	
Residential purchase of service	3,168,849
Hammitt School fees	3,488,185
Hammitt High School tuition	1,094,654
Hammitt training and consultation fees	46,653
Tri-County Special Education	35,000
State and federal meals reimbursement	73,880
Adoption contracts	437,804
Foster care	2,326,780
Reunification services	660
Project Choices	56,961
Healthy Start	161,813
Education Outreach	60,460
Second Chance	23,184
Life Skills Training	14,380
Therapeutic stabilization	198,917
KTP Respite	30,000
Family Solutions	173,855
DCEO Grant	13,680
Horizons Counseling	8,426
Family Support Initiative	156,524
Total	11,570,665
 OTHER REVENUE	
Fund raising events	-
Net investment income	-
Earnings distributions from estates in trust	-
In-kind contributions	22,906
Gain on disposal of fixed assets	8,262
Miscellaneous	37,712
Total	68,880
 TOTAL SUPPORT AND REVENUE	 \$ 11,917,057

<u>Unrestricted Fund</u>		<u>Permanently Restricted Fund Endowment</u>	<u>Total All Funds 2007</u>	<u>Total (Memorandum Only) 2006</u>
<u>Investment</u>	<u>Total</u>			
\$ 56,563	\$ 57,563	\$ -	\$ 57,563	\$ 62,208
6,289	17,289	-	17,289	24,973
8,321	11,621	-	11,621	25,761
165,356	200,322	-	200,322	237,070
650	19,149	-	19,149	17,500
(4,834)	(4,834)	-	(4,834)	(7,384)
346,820	346,820	-	346,820	1,227,931
-	136,557	-	136,557	225,304
<u>579,165</u>	<u>784,487</u>	<u>-</u>	<u>784,487</u>	<u>1,813,363</u>
-	38,990	-	38,990	45,187
-	33,200	-	33,200	12,501
-	72,190	-	72,190	57,688
<u>579,165</u>	<u>856,677</u>	<u>-</u>	<u>856,677</u>	<u>1,871,051</u>
-	3,168,849	-	3,168,849	2,973,422
-	3,488,185	-	3,488,185	3,604,573
-	1,094,654	-	1,094,654	1,222,925
-	46,653	-	46,653	29,877
-	35,000	-	35,000	33,000
-	73,880	-	73,880	55,951
-	437,804	-	437,804	419,830
-	2,326,780	-	2,326,780	2,049,726
-	660	-	660	6,770
-	56,961	-	56,961	46,272
-	161,813	-	161,813	157,100
-	60,460	-	60,460	60,460
-	23,184	-	23,184	23,184
-	14,380	-	14,380	14,380
-	198,917	-	198,917	96,041
-	30,000	-	30,000	34,539
-	173,855	-	173,855	177,271
-	13,680	-	13,680	-
-	8,426	-	8,426	-
-	156,524	-	156,524	146,350
-	<u>11,570,665</u>	<u>-</u>	<u>11,570,665</u>	<u>11,151,671</u>
256,140	256,140	-	256,140	127,842
1,094,920	1,094,920	-	1,094,920	337,593
138,410	138,410	383,858	522,268	715,606
-	22,906	-	22,906	121,017
-	8,262	-	8,262	1,318
-	37,712	-	37,712	30,990
<u>1,489,470</u>	<u>1,558,350</u>	<u>383,858</u>	<u>1,942,208</u>	<u>1,334,366</u>
<u>\$ 2,068,635</u>	<u>\$ 13,985,692</u>	<u>\$ 383,858</u>	<u>\$ 14,369,550</u>	<u>\$ 14,357,088</u>

THE BABY FOLD
SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUE
Year Ended June 30, 2007
(Operating Fund)

	<u>Residential Treatment Center</u>	<u>Hammitt School</u>	<u>Partners County Outreach</u>
PUBLIC SUPPORT AND REVENUE			
Public support:			
Contributions:			
Churches	\$ 1,000	\$ -	\$ -
Nonchurch organizations	10,000	500	-
Corporate	1,000	-	-
Individuals	6,780	9,361	-
Foundations	-	3,250	-
United Way	-	-	48,969
Totals	<u>18,780</u>	<u>13,111</u>	<u>48,969</u>
Revenue:			
Adoption service fees	-	-	-
DCFS Home Studies	-	-	-
Totals	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>18,780</u>	<u>13,111</u>	<u>48,969</u>
FEEES AND GRANTS FROM GOVERNMENTAL AGENCIES			
Residential purchase of service	3,168,849	-	-
Hammitt School fees	-	3,488,185	-
Hammitt High School tuition	-	-	-
Hammitt training and consultation fees	-	-	-
Tri-County Special Education	-	-	35,000
State and federal meals reimbursement	22,148	41,755	-
Adoption contracts	-	-	-
Foster care	-	-	-
Reunification Services	-	-	-
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>3,190,997</u>	<u>3,529,940</u>	<u>35,000</u>
OTHER REVENUE			
In-kind contributions	14,631	1,650	-
Gain on disposal of fixed assets	8,262	-	-
Miscellaneous	6,913	90	-
Totals	<u>29,806</u>	<u>1,740</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>\$ 3,239,583</u>	<u>\$ 3,544,791</u>	<u>\$ 83,969</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	250	-	-	-	-
-	770	-	4,400	9,045	-
-	-	-	-	200	12
-	-	-	-	-	-
<u>-</u>	<u>1,020</u>	<u>-</u>	<u>4,400</u>	<u>9,245</u>	<u>12</u>
-	-	-	38,990	-	-
-	-	-	33,200	-	-
-	-	-	72,190	-	-
-	1,020	-	76,590	9,245	12
-	-	-	-	-	-
-	-	-	-	-	-
46,653	1,094,654	-	-	-	-
-	-	-	-	-	-
-	9,977	-	-	-	-
-	-	-	14,786	-	-
-	-	-	-	1,555,054	69,082
-	-	-	-	-	-
-	-	60,460	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>46,653</u>	<u>1,104,631</u>	<u>60,460</u>	<u>14,786</u>	<u>1,555,054</u>	<u>69,082</u>
-	800	-	-	656	41
-	-	-	-	-	-
-	-	-	2,555	8,136	591
-	800	-	2,555	8,792	632
<u>\$ 46,653</u>	<u>\$ 1,106,451</u>	<u>\$ 60,460</u>	<u>\$ 93,931</u>	<u>\$ 1,573,091</u>	<u>\$ 69,726</u>

THE BABY FOLD
SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUE
Year Ended June 30, 2007
(Operating Fund)

	Foster Professional <u>Care</u>	Pregnancy <u>Counseling</u>	Keeping the <u>Promise</u>
PUBLIC SUPPORT AND REVENUE			
Public support:			
Contributions:			
Churches	\$ -	\$ -	\$ -
Nonchurch organizations	-	-	-
Corporate	-	-	-
Individuals	-	-	525
Foundations	37	-	-
United Way	-	-	-
Totals	<u>37</u>	<u>-</u>	<u>525</u>
Revenue:			
Adoption service fees	-	-	-
DCFS Home Studies	-	-	-
Totals	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>37</u>	<u>-</u>	<u>525</u>
FEEES 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	-	-	423,018
Foster care	702,644	-	-
Reunification Services	660	-	-
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>703,304</u>	<u>-</u>	<u>423,018</u>
OTHER REVENUE			
In-kind contributions	1,289	-	-
Gain on disposal of fixed assets	-	-	-
Miscellaneous	2,874	5,825	255
Totals	<u>4,163</u>	<u>5,825</u>	<u>255</u>
TOTAL SUPPORT AND REVENUE	<u>\$ 707,504</u>	<u>\$ 5,825</u>	<u>\$ 423,798</u>

<u>Healthy Start</u>	<u>Project Choices</u>	<u>Family Solutions</u>	<u>Second Chance Renters</u>	<u>Family Support Initiative</u>	<u>Life Skills Training</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
500	-	-	-	-	-
-	50	-	2,000	-	-
1,585	-	-	2,500	-	-
-	-	-	11,250	-	3,750
<u>87,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>89,673</u>	<u>50</u>	<u>-</u>	<u>15,750</u>	<u>-</u>	<u>3,750</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>89,673</u>	<u>50</u>	<u>-</u>	<u>15,750</u>	<u>-</u>	<u>3,750</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	56,961	-	-	-	-
161,813	-	-	-	-	-
-	-	-	-	-	-
-	-	-	23,184	-	-
-	-	-	-	-	14,380
-	-	-	-	-	-
-	-	173,855	-	-	-
-	-	-	13,680	-	-
-	-	-	-	-	-
-	-	-	-	156,524	-
<u>161,813</u>	<u>56,961</u>	<u>173,855</u>	<u>36,864</u>	<u>156,524</u>	<u>14,380</u>
3,839	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 255,325</u>	<u>\$ 57,011</u>	<u>\$ 173,855</u>	<u>\$ 52,614</u>	<u>\$ 156,524</u>	<u>\$ 18,130</u>

THE BABY FOLD
SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUE
Year Ended June 30, 2007
(Operating Fund)

	<u>Therapeutic Stabilization</u>	<u>KTP Respite</u>	<u>Horizons Counseling</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE				
Public support:				
Contributions:				
Churches	\$ -	\$ -	\$ -	\$ 1,000
Nonchurch organizations	-	-	-	11,000
Corporate	-	-	-	3,300
Individuals	-	-	-	34,966
Foundations	-	-	-	18,499
United Way	-	-	-	136,557
Totals	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,322</u>
Revenue:				
Adoption service fees	-	-	-	38,990
DCFS Home Studies	-	-	-	33,200
Totals	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,190</u>
Total public support and revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,512</u>
FEES AND GRANTS FROM GOVERNMENTAL AGENCIES				
Residential purchase of service	-	-	-	3,168,849
Hammitt School fees	-	-	-	3,488,185
Hammitt High School tuition	-	-	-	1,094,654
Hammitt training and consultation fees	-	-	-	46,653
Tri-County Special Education	-	-	-	35,000
State and federal meals reimbursement	-	-	-	73,880
Adoption contracts	-	-	-	437,804
Foster care	-	-	-	2,326,780
Reunification Services	-	-	-	660
Project Choices	-	-	-	56,961
Healthy Start	-	-	-	161,813
Education Outreach	-	-	-	60,460
Second Chance	-	-	-	23,184
Life Skills Training	-	-	-	14,380
Therapeutic Stabilization	198,917	-	-	198,917
KTP Respite	-	30,000	-	30,000
Family Solutions	-	-	-	173,855
DCEO Grant	-	-	-	13,680
Horizons Counseling	-	-	8,426	8,426
Family Support Initiative	-	-	-	156,524
Totals	<u>198,917</u>	<u>30,000</u>	<u>8,426</u>	<u>11,570,665</u>
OTHER REVENUE				
In-kind contributions	-	-	-	22,906
Gain on disposal of fixed assets	-	-	-	8,262
Miscellaneous	-	-	10,473	37,712
Totals	<u>-</u>	<u>-</u>	<u>10,473</u>	<u>68,880</u>
TOTAL SUPPORT AND REVENUE	<u>\$ 198,917</u>	<u>\$ 30,000</u>	<u>\$ 18,899</u>	<u>\$ 11,917,057</u>

THE BABY FOLD
SCHEDULE OF FUNCTIONAL EXPENSES WITH ALLOCATION
OF MANAGEMENT AND GENERAL EXPENSES
Year Ended June 30, 2007
(With Comparative Totals for 2006)

	<u>Residential Treatment Center</u>	<u>Hammitt School</u>	<u>Partners County Outreach</u>
Salaries and wages	\$ 2,211,968	\$ 2,234,814	\$ 61,815
Group insurance	223,868	223,169	12,160
Pensions	54,616	64,456	1,625
Social security and Medicare tax	159,865	160,794	4,103
Unemployment compensation taxes	927	963	25
Workers' compensation insurance	57,619	58,722	1,571
Professional liability insurance	14,986	15,606	414
Employee medical	2,630	2,021	-
Auditing and legal fees	-	-	-
Administrative consultants	-	-	-
Data processing	-	129	-
Office supplies and expense	4,608	1,800	-
Telephone	9,977	9,734	261
Printing	-	-	-
Postage	7	242	-
Office equipment rental	3,793	8,369	49
Subscriptions	238	253	-
Rent	-	-	-
Utilities	92,243	55,637	616
Buildings and grounds supplies	23,892	12,259	232
Maintenance of buildings and grounds	28,014	58,997	164
Equipment repairs	38,233	21,381	269
Property insurance	9,910	10,297	271
Travel	25,543	13,572	2,228
Auto insurance	2,796	723	-
Conference and convention expense	6,560	8,038	-
Program supplies	39,452	53,486	8
Specific assistance	13,189	-	-
Medical supplies	17,082	540	-
Food	44,150	46,547	-
Kitchen service supplies	6,362	4,231	-
Professional consultants	26,913	5,252	-
Foster home care	-	-	-
Festival Expenses	-	-	-
Dues	-	4,096	-
Board of Trustees expense	-	-	-
Interest expense	117,660	3,984	-
Miscellaneous	1,001	757	-
Depreciation expense	200,999	124,936	1,889
	<u>3,439,101</u>	<u>3,205,805</u>	<u>87,700</u>
Totals			
Allocation of management cost to program cost	<u>425,561</u>	<u>411,269</u>	<u>11,409</u>
TOTAL EXPENSES	<u><u>\$ 3,864,662</u></u>	<u><u>\$ 3,617,074</u></u>	<u><u>\$ 99,109</u></u>

Program Services

<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>
\$ 27,253	\$ 739,351	\$ 38,930	\$ 166,171	\$ 705,745	\$ 44,850
1,302	75,462	8,001	15,002	86,805	5,975
1,306	22,311	784	6,199	18,571	1,573
2,007	53,673	2,687	11,980	50,239	3,130
11	322	15	586	2,925	277
717	19,494	1,000	4,280	18,294	1,150
207	5,219	258	1,137	4,599	258
-	258	-	186	641	5
-	-	-	40	-	-
-	-	-	-	-	-
-	-	-	1	3	-
-	858	-	813	1,175	80
120	2,470	161	1,194	4,121	320
375	125	-	17	72	4
-	-	-	5	60	5
23	1,903	32	511	2,133	124
-	-	-	965	-	-
-	117,162	-	-	-	-
289	-	399	7,833	32,881	1,902
110	2,329	151	419	1,749	100
77	18,208	107	2,836	11,832	683
122	1,758	166	2,709	11,302	660
116	3,445	155	736	3,058	194
2,429	6,615	877	8,216	29,949	1,429
-	640	-	668	2,782	167
4,848	3,586	1,476	857	2,099	166
-	19,459	318	1,117	4,428	447
-	-	-	-	1,568	166
-	-	-	-	-	-
-	15,407	-	-	-	-
-	2,272	-	-	-	-
-	34	-	-	33,830	455
-	-	-	-	274,104	26,530
-	-	-	-	-	-
-	750	-	-	-	-
-	-	-	-	-	-
-	-	-	2,784	11,556	540
-	1,641	-	1,258	808	50
<u>877</u>	<u>19,902</u>	<u>1,201</u>	<u>9,702</u>	<u>40,772</u>	<u>2,355</u>
42,189	1,134,654	56,718	248,222	1,358,101	93,595
<u>5,217</u>	<u>141,000</u>	<u>7,265</u>	<u>31,325</u>	<u>149,181</u>	<u>9,870</u>
<u>\$ 47,406</u>	<u>\$ 1,275,654</u>	<u>\$ 63,983</u>	<u>\$ 279,547</u>	<u>\$ 1,507,282</u>	<u>\$ 103,465</u>

THE BABY FOLD
SCHEDULE OF FUNCTIONAL EXPENSES WITH ALLOCATION
OF MANAGEMENT AND GENERAL EXPENSES
Year Ended June 30, 2007
(With Comparative Totals for 2006)

	Foster Professional Care	Pregnancy Counseling	Keeping the Promise
Salaries and wages	\$ 463,369	\$ 13,235	\$ 253,637
Group insurance	51,230	893	23,488
Pensions	14,498	419	6,387
Social security and Medicare tax	33,643	947	18,264
Unemployment compensation taxes	1,761	59	105
Workers' compensation insurance	12,046	348	6,606
Professional liability insurance	3,256	103	1,705
Employee medical	250	66	126
Auditing and legal fees	-	-	-
Administrative consultants	-	-	-
Data processing	2	-	2
Office supplies and expense	960	700	537
Telephone	2,945	385	2,050
Printing	50	2	-
Postage	23	20	-
Office equipment rental	1,488	41	790
Subscriptions	4	-	-
Rent	-	-	-
Utilities	17,943	625	12,463
Buildings and grounds supplies	903	32	640
Maintenance of buildings and grounds	5,980	212	4,324
Equipment repairs	6,450	216	4,143
Property insurance	2,129	77	1,123
Travel	18,983	452	9,719
Auto insurance	1,962	56	1,071
Conference and convention expense	343	69	2,292
Program supplies	2,362	5	17,263
Specific assistance	-	-	1,718
Medical supplies	18	-	-
Food	-	-	-
Kitchen service supplies	-	-	-
Professional consultants	9,677	-	3,952
Foster home care	64,632	-	-
Festival Expenses	-	-	-
Dues	-	-	-
Board of Trustees expense	-	-	-
Interest expense	8,160	264	5,556
Miscellaneous	215	1	849
Depreciation expense	22,988	756	14,853
Totals	748,270	19,983	393,663
Allocation of management cost to program cost	90,278	2,507	48,610
TOTAL EXPENSES	\$ 838,548	\$ 22,490	\$ 442,273

Program Services

<u>Healthy Start</u>	<u>Project Choices</u>	<u>Family Solutions</u>	<u>Second Chance Renters</u>	<u>Family Support Initiative</u>	<u>Life Skills Training</u>
\$ 175,434	\$ 38,483	\$ 116,878	\$ 27,350	\$ 93,282	\$ 17,979
21,053	9,150	12,198	4,751	12,519	3,220
5,089	784	3,922	930	2,873	620
12,687	2,658	8,557	1,723	6,651	1,142
72	15	51	11	40	7
4,630	1,002	3,063	709	2,427	471
1,137	258	827	207	620	103
-	-	-	-	50	-
-	-	-	-	-	-
-	-	-	-	-	-
1	-	1	-	1	-
10	2	430	56	123	18
1,181	412	683	120	920	80
-	-	-	-	-	-
-	-	-	14	-	-
529	119	381	84	292	54
-	-	-	-	-	-
-	-	-	-	-	-
8,482	1,958	5,872	1,723	4,727	904
437	101	312	71	242	51
2,952	685	2,107	475	1,635	316
2,822	644	2,013	450	1,562	298
774	155	542	116	426	77
8,173	2,696	4,423	255	2,122	187
737	167	529	125	403	84
1,959	115	1,522	203	253	18
6,416	25	604	1,090	1,133	470
581	-	-	11,291	12,442	300
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,267	-	33,243	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
300	-	-	-	-	-
-	-	-	-	-	-
3,768	804	2,688	624	2,064	360
-	-	-	-	-	-
10,065	2,297	7,437	1,605	5,568	1,047
271,556	62,530	208,283	53,983	152,375	27,806
33,372	7,528	23,825	5,855	18,278	3,440
<u>\$ 304,928</u>	<u>\$ 70,058</u>	<u>\$ 232,108</u>	<u>\$ 59,838</u>	<u>\$ 170,653</u>	<u>\$ 31,246</u>

THE BABY FOLD
SCHEDULE OF FUNCTIONAL EXPENSES WITH ALLOCATION
OF MANAGEMENT AND GENERAL EXPENSES
Year Ended June 30, 2007
(With Comparative Totals for 2006)

	<u>Program Services</u>		
	<u>Therapeutic Stabilization</u>	<u>KTP Respite</u>	<u>Horizons Counseling</u>
Salaries and wages	\$ 97,420	\$ 16,645	\$ 4,813
Group insurance	3,773	536	-
Pensions	2,493	350	-
Social security and Medicare tax	7,145	1,243	182
Unemployment compensation taxes	40	7	-
Workers' compensation insurance	2,424	441	62
Professional liability insurance	672	103	-
Employee medical	599	-	1
Auditing and legal fees	540	-	-
Administrative consultants	-	-	-
Data processing	1	-	122
Office supplies and expense	648	-	2,469
Telephone	547	121	785
Printing	-	-	1,711
Postage	-	-	-
Office equipment rental	317	54	-
Subscriptions	-	-	737
Rent	-	-	4,950
Utilities	4,672	854	-
Buildings and grounds supplies	245	46	705
Maintenance of buildings and grounds	1,686	315	3
Equipment repairs	1,616	296	-
Property insurance	426	77	-
Travel	7,613	80	100
Auto insurance	431	84	-
Conference and convention expense	105	32	21
Program supplies	1,413	8,461	216
Specific assistance	-	-	-
Medical supplies	-	-	-
Food	-	-	-
Kitchen service supplies	-	-	-
Professional consultants	-	-	-
Foster home care	-	-	-
Festival Expenses	-	-	-
Dues	-	-	-
Board of Trustees expense	-	-	-
Interest expense	2,244	444	-
Miscellaneous	35	5	898
Depreciation expense	5,791	1,047	245
	<u>142,896</u>	<u>31,241</u>	<u>18,020</u>
Totals			
Allocation of management cost to program cost	<u>18,224</u>	<u>3,478</u>	<u>1,481</u>
TOTAL EXPENSES	<u>\$ 161,120</u>	<u>\$ 34,719</u>	<u>\$ 19,501</u>

<u>Total Program Services</u>	<u>Support Services</u>			<u>Total Expenses</u>	
	<u>Management and General</u>	<u>Public Relations</u>	<u>Total Support Services</u>	<u>2007</u>	<u>2006</u>
\$ 7,549,422	\$ 805,315	\$ 225,614	\$ 1,030,929	\$ 8,580,351	\$ 8,108,330
794,555	95,467	25,886	121,353	915,908	833,813
209,806	25,905	7,600	33,505	243,311	305,583
543,320	54,588	15,746	70,334	613,654	581,322
8,219	1,256	1,388	2,644	10,863	15,704
197,076	23,631	2,984	26,615	223,691	202,615
51,675	-	-	-	51,675	46,561
6,833	685	259	944	7,777	7,136
580	21,982	-	21,982	22,562	18,389
-	57,470	21	57,491	57,491	88,938
263	57,876	5,295	63,171	63,434	38,904
15,287	51,905	1,126	53,031	68,318	51,050
38,587	20,246	2,044	22,290	60,877	59,157
2,356	3,325	16,873	20,198	22,554	25,357
376	21,775	2,729	24,504	24,880	23,627
21,086	3,879	9,098	12,977	34,063	30,836
2,197	1,192	-	1,192	3,389	1,133
122,112	-	-	-	122,112	116,744
252,023	33,848	4,246	38,094	290,117	284,661
45,026	5,830	915	6,745	51,771	78,089
141,608	17,572	6,264	23,836	165,444	185,954
97,110	5,089	1,658	6,747	103,857	78,567
34,104	23,116	1,045	24,161	58,265	60,446
145,661	8,141	1,577	9,718	155,379	138,296
13,425	487	-	487	13,912	14,023
34,562	17,258	5,107	22,365	56,927	76,114
158,173	-	-	-	158,173	242,287
41,255	-	-	-	41,255	13,593
17,640	-	-	-	17,640	12,121
106,104	-	-	-	106,104	98,644
12,865	-	-	-	12,865	7,227
115,623	-	-	-	115,623	195,211
365,266	-	-	-	365,266	330,428
-	-	117,784	117,784	117,784	-
5,146	23,262	260	23,522	28,668	32,029
-	3,698	-	3,698	3,698	4,133
163,500	30,926	-	30,926	194,426	201,877
7,518	13,000	1,850	14,850	22,368	29,166
<u>476,332</u>	<u>63,708</u>	<u>12,644</u>	<u>76,352</u>	<u>552,684</u>	<u>544,298</u>
11,796,691	1,492,432	470,013	1,962,445	13,759,136	13,182,363
<u>1,448,973</u>	<u>(1,492,432)</u>	<u>43,459</u>	<u>(1,448,973)</u>	<u>-</u>	<u>-</u>
<u>\$ 13,245,664</u>	<u>\$ -</u>	<u>\$ 513,472</u>	<u>\$ 513,472</u>	<u>\$ 13,759,136</u>	<u>\$ 13,182,363</u>

THE BABY FOLD
SCHEDULE OF EARNINGS ON INVESTED ASSETS -
INVESTMENT FUND (UNRESTRICTED)
Year Ended June 30, 2007

INVESTMENT INCOME FROM REAL ESTATE

Income from farms and rental property	\$ 305,522	
Less:		
Farm and rental expenses	(64,098)	
Farm management fees	<u>(17,913)</u>	
Net investment income from real estate		\$ 223,511

INVESTMENT INCOME FROM SECURITIES

Interest - government securities		65,544
Interest - corporate bonds		22,890
Interest - money market		7,821
Dividends - corporate stocks		75,691
Mutual Fund distribution		<u>8,159</u>
Total interest and dividends		180,105
Net unrealized loss on investments	\$ 460,428	
Realized gain on sale of investments	<u>271,652</u>	
Net realized and unrealized gain		732,080
Less: Investment fees		<u>(40,776)</u>
Net investment income from securities		<u>871,409</u>

NET INVESTMENT INCOME **\$ 1,094,920**

**THE BABY FOLD
RESIDENTIAL TREATMENT CENTER, FOSTER FAMILY
CARE, AND ADOPTION PROGRAMS STATISTICS
Year Ended June 30, 2007**

(Unaudited)

	<u>Days of Care</u>
RESIDENTIAL TREATMENT CENTER PROGRAM	
Children placed by:	
Department of Children and Family Services	5,161
Illinois State Board of Education	1,576
Illinois Department of Human Services	<u>3,365</u>
	<u><u>10,102</u></u>
 FOSTER FAMILY CARE PROGRAM	
Children placed by Department of Children and Family Services on a long-term basis	<u><u>47,784</u></u>
 ADOPTION PROGRAM	
Placements:	
Department of Children and Family Services	<u>25</u>
Total placements	<u><u>25</u></u>