

THE BABY FOLD
Normal, Illinois

**FINANCIAL REPORT AND
SUPPLEMENTAL INFORMATION**
June 30, 2011

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, 2011, 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, 2010 financial statements and our report dated October 29, 2010 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, 2011, 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 October 26, 2011 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 26 through 38 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 39 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
October 26, 2011

THE BABY FOLD
STATEMENT OF FINANCIAL POSITION
June 30, 2011
(With Comparative Totals for 2010)

| ASSETS | <u>Operating</u> |
|--|---------------------------------|
| Cash and cash equivalents | \$ 1,453,486 |
| Accounts receivable | 1,395,535 |
| Food inventory | 11,597 |
| Prepaid expenses | 192,728 |
| 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) | 7,374,545 |
| Unamortized bond fees | <u>18,719</u> |
| TOTAL ASSETS | <u>\$ 10,446,610</u> |
| LIABILITIES AND NET ASSETS | |
| LIABILITIES | |
| Accounts payable | \$ 259,078 |
| Accrued expenses | 756,838 |
| Pension payable (Note 10) | 487,480 |
| Deferred revenue - annuity contracts | - |
| Deferred revenue - program | 795 |
| Obligations under capital lease | - |
| Bonds payable (Note 7) | <u>2,035,430</u> |
| Total liabilities | <u><u>3,539,621</u></u> |
| NET ASSETS | |
| Unrestricted | 6,906,989 |
| Unrestricted - designated for investment by Organization's by-laws | - |
| Temporarily restricted (Note 9) | - |
| Permanently restricted (Note 9) | - |
| Total net assets | <u><u>6,906,989</u></u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 10,446,610</u> |

| <u>Unrestricted Fund</u> | | <u>Temporarily Restricted Fund</u> | <u>Permanently Restricted Fund Endowment</u> | <u>Total 2011</u> | <u>Total (Memorandum Only) 2010</u> |
|--------------------------|----------------------|--|--|-----------------------|---|
| <u>Investment</u> | <u>Total</u> | | | | |
| \$ 229,946 | \$ 1,683,432 | \$ 51,643 | \$ - | \$ 1,735,075 | \$ 1,722,067 |
| - | 1,395,535 | - | - | 1,395,535 | 1,470,768 |
| - | 11,597 | - | - | 11,597 | 11,352 |
| 4,097 | 196,825 | - | - | 196,825 | 159,752 |
| 10,081 | 10,081 | - | - | 10,081 | 16,504 |
| 5,256,339 | 5,256,339 | - | 318,328 | 5,574,667 | 4,681,104 |
| 42,195 | 42,195 | - | - | 42,195 | 44,448 |
| 1,625,106 | 1,625,106 | - | 114,500 | 1,739,606 | 1,739,606 |
| - | - | - | 3,139,355 | 3,139,355 | 2,805,549 |
| 14,397 | 14,397 | - | - | 14,397 | 14,193 |
| - | 7,374,545 | - | - | 7,374,545 | 7,602,464 |
| - | 18,719 | - | - | 18,719 | 22,621 |
| <u>\$ 7,182,161</u> | <u>\$ 17,628,771</u> | <u>\$ 51,643</u> | <u>\$ 3,572,183</u> | <u>\$ 21,252,597</u> | <u>\$ 20,290,428</u> |
| \$ - | \$ 259,078 | \$ - | \$ - | \$ 259,078 | \$ 157,112 |
| 14,978 | 771,816 | - | - | 771,816 | 1,064,329 |
| - | 487,480 | - | - | 487,480 | 947,284 |
| 151,819 | 151,819 | - | - | 151,819 | 156,886 |
| - | 795 | - | - | 795 | 25,996 |
| - | - | - | - | - | 22,423 |
| - | 2,035,430 | - | - | 2,035,430 | 2,386,027 |
| <u>166,797</u> | <u>3,706,418</u> | <u>-</u> | <u>-</u> | <u>3,706,418</u> | <u>4,760,057</u> |
| - | 6,906,989 | - | - | 6,906,989 | 6,070,135 |
| 7,015,364 | 7,015,364 | - | - | 7,015,364 | 6,197,636 |
| - | - | 51,643 | - | 51,643 | 29,223 |
| - | - | - | 3,572,183 | 3,572,183 | 3,233,377 |
| <u>7,015,364</u> | <u>13,922,353</u> | <u>51,643</u> | <u>3,572,183</u> | <u>17,546,179</u> | <u>15,530,371</u> |
| <u>\$ 7,182,161</u> | <u>\$ 17,628,771</u> | <u>\$ 51,643</u> | <u>\$ 3,572,183</u> | <u>\$ 21,252,597</u> | <u>\$ 20,290,428</u> |

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

**THE BABY FOLD
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011
(With Comparative Totals for 2010)**

| | Operating |
|---|------------------|
| REVENUE, GAINS, AND OTHER SUPPORT | |
| Contributions | \$ 182,751 |
| Fees | 117,141 |
| Fees from governmental agencies | 13,509,557 |
| Grants from governmental agencies | 1,044,544 |
| Net investment income (Note 2) | - |
| In-kind contributions | 20,293 |
| Other | 33,597 |
| Total revenue, gains, and other support | 14,907,883 |
| EXPENSES | |
| Program services: | |
| Residential Treatment Center | 3,542,945 |
| Hammitt School | 2,422,370 |
| Partners County Outreach | 97,820 |
| Hammitt High School | 1,956,431 |
| Education Outreach | 53,502 |
| Challenges | 1,265,318 |
| International Home Studies | 91,479 |
| Foster Care & Special Needs Adoption | 1,628,062 |
| Foster Specialized Care | 530,008 |
| Foster Professional Care | 528,811 |
| Keeping the Promise | 682,641 |
| Healthy Start | 242,411 |
| Project Choices | 58,015 |
| Intact Family Services | 137,953 |
| Therapeutic stabilization | 46,521 |
| KTP Respite | 50,850 |
| Differential Response Services | 46,275 |
| Horizons Counseling | 102,669 |
| Total | 13,484,081 |
| Support services: | |
| Management and general | 1,736,197 |
| Public relations | - |
| Annuity payments | - |
| Total | 1,736,197 |
| Total expenses | 15,220,278 |
| Increase (decrease) in net assets | (312,395) |
| TRANSFERS IN (OUT) | |
| Operating Fund from Investment Fund | 660,095 |
| PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST | 489,154 |
| Total change in net assets | 836,854 |
| NET ASSETS | |
| Beginning of year | 6,070,135 |
| End of year | \$ 6,906,989 |

| <u>Unrestricted Fund</u> | | <u>Temporarily Restricted Fund</u> | <u>Permanently Restricted Fund Endowment</u> | <u>Total 2011</u> | <u>Total (Memorandum Only) 2010</u> |
|--------------------------|----------------------|--|--|-----------------------|---|
| <u>Investment</u> | <u>Total</u> | | | | |
| \$ 510,199 | \$ 692,950 | \$ 22,420 | \$ 5,000 | \$ 720,370 | \$ 789,215 |
| - | 117,141 | - | - | 117,141 | 130,529 |
| - | 13,509,557 | - | - | 13,509,557 | 13,004,350 |
| - | 1,044,544 | - | - | 1,044,544 | 970,726 |
| 1,139,364 | 1,139,364 | - | - | 1,139,364 | 594,361 |
| 6,865 | 27,158 | - | - | 27,158 | 20,937 |
| 438,343 | 471,940 | - | 333,806 | 805,746 | 613,940 |
| <u>2,094,771</u> | <u>17,002,654</u> | <u>22,420</u> | <u>338,806</u> | <u>17,363,880</u> | <u>16,124,058</u> |
| - | 3,542,945 | - | - | 3,542,945 | 3,523,601 |
| - | 2,422,370 | - | - | 2,422,370 | 2,379,991 |
| - | 97,820 | - | - | 97,820 | 97,207 |
| - | 1,956,431 | - | - | 1,956,431 | 2,009,345 |
| - | 53,502 | - | - | 53,502 | 53,975 |
| - | 1,265,318 | - | - | 1,265,318 | 1,069,006 |
| - | 91,479 | - | - | 91,479 | 204,686 |
| - | 1,628,062 | - | - | 1,628,062 | 1,432,839 |
| - | 530,008 | - | - | 530,008 | 445,980 |
| - | 528,811 | - | - | 528,811 | 611,045 |
| - | 682,641 | - | - | 682,641 | 599,649 |
| - | 242,411 | - | - | 242,411 | 236,681 |
| - | 58,015 | - | - | 58,015 | 59,076 |
| - | 137,953 | - | - | 137,953 | 186,830 |
| - | 46,521 | - | - | 46,521 | 219,229 |
| - | 50,850 | - | - | 50,850 | 46,699 |
| - | 46,275 | - | - | 46,275 | - |
| - | 102,669 | - | - | 102,669 | 84,749 |
| <u>-</u> | <u>13,484,081</u> | <u>-</u> | <u>-</u> | <u>13,484,081</u> | <u>13,260,588</u> |
| 46,514 | 1,782,711 | - | - | 1,782,711 | 1,607,893 |
| 561,725 | 561,725 | - | - | 561,725 | 532,966 |
| 8,709 | 8,709 | - | - | 8,709 | 14,579 |
| <u>616,948</u> | <u>2,353,145</u> | <u>-</u> | <u>-</u> | <u>2,353,145</u> | <u>2,155,438</u> |
| <u>616,948</u> | <u>15,837,226</u> | <u>-</u> | <u>-</u> | <u>15,837,226</u> | <u>15,416,026</u> |
| 1,477,823 | 1,165,428 | 22,420 | 338,806 | 1,526,654 | 708,032 |
| (660,095) | - | - | - | - | - |
| <u>-</u> | <u>489,154</u> | <u>-</u> | <u>-</u> | <u>489,154</u> | <u>(56,834)</u> |
| 817,728 | 1,654,582 | 22,420 | 338,806 | 2,015,808 | 651,198 |
| <u>6,197,636</u> | <u>12,267,771</u> | <u>29,223</u> | <u>3,233,377</u> | <u>15,530,371</u> | <u>14,879,173</u> |
| <u>\$ 7,015,364</u> | <u>\$ 13,922,353</u> | <u>\$ 51,643</u> | <u>\$ 3,572,183</u> | <u>\$ 17,546,179</u> | <u>\$ 15,530,371</u> |

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

THE BABY FOLD
STATEMENT OF CASH FLOWS
Year Ended June 30, 2011
(With Comparative Totals for 2010)

| | <u>2011</u> | <u>2010</u> |
|---|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 2,015,808 | \$ 651,198 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 597,907 | 570,194 |
| Amortization of bond fees | 3,902 | 3,902 |
| Net gain on investments, realized and unrealized | (651,299) | (240,054) |
| Increase in cash value of life insurance | (204) | (253) |
| Net unrealized gain on trust held by others | (333,806) | (121,412) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 75,233 | (100,689) |
| Inventories, food and grain | 2,008 | 12,548 |
| Prepaid expenses | (37,073) | (6,731) |
| Accrued interest receivable | 6,423 | (1,762) |
| Accounts payable and accrued expenses | (190,547) | 96,960 |
| Pension payable | (459,804) | 108,840 |
| Deferred revenue - annuity contracts | (5,067) | (25,145) |
| Deferred revenue - program | (25,201) | 21,030 |
| | <u>998,280</u> | <u>968,626</u> |
| Net cash provided by operating activities | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investment securities | (2,546,387) | (1,731,089) |
| Proceeds from sale of investment securities | 2,304,123 | 1,165,572 |
| Purchase of property and equipment | (369,988) | (177,743) |
| | <u>(612,252)</u> | <u>(743,260)</u> |
| Net cash used in investing activities | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal payments on obligations under capital lease | (22,423) | (42,086) |
| Principal payments on bonds payable | (350,597) | (333,488) |
| | <u>(373,020)</u> | <u>(375,574)</u> |
| Net cash used in financing activities | | |

THE BABY FOLD
STATEMENT OF CASH FLOWS
Year Ended June 30, 2011
(With Comparative Totals for 2010)

| | <u>2011</u> | <u>2010</u> |
|---|---------------------|---------------------|
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | \$ 13,008 | \$ (150,208) |
| CASH AND CASH EQUIVALENTS | | |
| Beginning of year | <u>1,722,067</u> | <u>1,872,275</u> |
| End of year | <u>\$ 1,735,075</u> | <u>\$ 1,722,067</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash payments for interest | <u>\$ 122,964</u> | <u>\$ 143,410</u> |

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

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

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, 2011

**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 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, 2011

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.

(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>Years</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, 2011

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.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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, 2011:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Excess of Fair Value Over Cost</u> |
|----------------------------|----------------------------|----------------------------|---------------------------------------|
| Corporate bonds | \$ 469,334 | \$ 466,006 | \$ (3,328) |
| Corporate stocks | 2,133,918 | 2,753,896 | 619,978 |
| U.S. Government securities | 1,363,912 | 1,417,713 | 53,801 |
| Mutual funds | <u>827,497</u> | <u>937,052</u> | <u>109,555</u> |
| Total end of year | <u>\$ 4,794,661</u> | <u>\$ 5,574,667</u> | <u>\$ 780,006</u> |

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2011:

| | <u>Unrestricted</u> |
|---|----------------------------|
| Securities - interest | \$ 86,471 |
| Dividends - mutual funds and corporate stocks | 61,011 |
| Net realized gain on sale of investments | 244,754 |
| Net unrealized gain on investments | <u>406,545</u> |
| Investment gain from securities | 798,781 |
| Net farm rental income | 382,642 |
| Investment fees | <u>(42,059)</u> |
| Net investment income | <u>\$ 1,139,364</u> |

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Accordingly, it is reasonably possible that changes in the value of investments will occur in the near term and that such changes could be material in amount in relation to the carrying value of investments.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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>Description</u> | <u>Fair Value at Date of Gift</u> | <u>Estimated Fair Value at June 30, 2011</u> |
|----------------------------------|---------------------------------------|--|
| Lorraine Waters - 152 acres | \$ 340,988 | \$ 1,060,850 |
| Bruce Goodin - 171 acres | 51,580 | 1,179,900 |
| Maude Burton - 204 acres | 61,200 | 1,295,400 |
| Mary J. Cornell - 160 acres | 56,000 | 1,016,000 |
| Eva Casey - 133 acres | 63,986 | 884,400 |
| Alta Johnston - 229 acres | 114,500 | 1,580,100 |
| Rosetta Fox Courtney - 112 acres | 55,730 | 445,840 |
| Irene Blum - 80 acres | 200,485 | 680,000 |
| T. George Baker - 240 acres | 663,600 | 1,561,625 |
| William C. Decker - 60 acres | <u>131,537</u> | <u>348,000</u> |
| Total | <u>\$ 1,739,606</u> | <u>\$ 10,052,115</u> |

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, 2011 as provided by the outside fiscal agent.

| | |
|--|----------------------------|
| James B. Kennedy Trust | \$ 526,716 |
| O.V. Douglass Trust | 134,463 |
| Charles Ockerman Trust | 270,251 |
| Bessie Row Trust | 41,806 |
| Nina Bozarth Trust | 326,782 |
| Maude Scranton Trust | 433,084 |
| Genevieve Moyer Trust | 437,881 |
| Thomas Campbell Trust | <u>968,372</u> |
| Total investments held in trust by others | <u>\$ 3,139,355</u> |

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 4 - 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) | \$ 116,482 |
| Increase in fair value (permanently restricted) | <u>333,806</u> |
| | <u>\$ 450,288</u> |

NOTE 5 - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles 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 are described below:

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

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for 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.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2011.

Common Stocks, Mutual Funds, 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 lowest level of input that is significant to the fair value measurement must be used for determination and 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 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, 2011:

| | Assets at Fair Value as of June 30, 2011 | | | |
|-------------------------------------|---|---------------------|---------------------|---------------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Common stocks | \$ 2,753,896 | \$ - | \$ - | \$ 2,753,896 |
| U.S. Government securities | - | 1,417,713 | - | 1,417,713 |
| Mutual funds | 937,052 | - | - | 937,052 |
| Corporate bonds | 466,006 | - | - | 466,006 |
| Grain inventories | 42,195 | - | - | 42,195 |
| Investments held in trust by others | - | - | 3,139,355 | 3,139,355 |
| Total assets at fair value | <u>\$ 4,199,149</u> | <u>\$ 1,417,713</u> | <u>\$ 3,139,355</u> | <u>\$ 8,756,217</u> |

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2011:

| | Investments Held in Trust by Others |
|-------------------------------------|--|
| Balance, beginning of year | \$ 2,805,549 |
| Realized and unrealized gains | 333,806 |
| Purchases, sales, settlements (net) | <u>-</u> |
| Balance, end of year | <u>\$ 3,139,355</u> |

NOTE 6 - LAND, BUILDINGS, AND EQUIPMENT

The following is a summary of land, buildings, and equipment at June 30, 2011:

| | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Book Value</u> | <u>Current Year Depreciation</u> |
|---|-----------------------------|--|------------------------------|---|
| Land and improvements | \$ 661,033 | \$ 112,793 | \$ 548,240 | \$ 8,989 |
| Buildings and improvements | 12,499,640 | 6,105,084 | 6,394,556 | 400,248 |
| Equipment: | | | | |
| Office furniture, data processing, and other equipment | 1,706,372 | 1,424,557 | 281,815 | 127,589 |
| Audio-visual and miscellaneous tools and equipment | 75,026 | 70,405 | 4,621 | 3,110 |
| Transportation equipment | <u>365,303</u> | <u>219,990</u> | <u>145,313</u> | <u>57,971</u> |
| Totals | <u>\$ 15,307,374</u> | <u>\$ 7,932,829</u> | <u>\$ 7,374,545</u> | <u>\$ 597,907</u> |

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

Bonds payable as of June 30, 2011 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.

\$ 2,035,430

Annual maturities of bonds payable are as follows:

Year ending June 30:

| | |
|------|----------------|
| 2012 | \$ 368,582 |
| 2013 | 387,491 |
| 2014 | 407,369 |
| 2015 | 428,267 |
| 2016 | <u>443,721</u> |

Total \$ 2,035,430

Interest expense for the year ended June 30, 2011 was \$116,952.

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

The Organization entered into a \$2,000,000 revolving line of credit agreement with the State Farm Bank, F.S.B. Amounts drawn against the line of credit are due on May 31, 2012 and bear interest at 100 basis points over the Federal Home Loan Bank of Chicago's three-month Community Investment Program Rate. The interest rate resets every January 1, April 1, July 1, and October 1. At June 30, 2011, there was no balance drawn on the line of credit.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 9 - 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 |
| William Hammitt | 5,000 |
| Investments held in trust by others (Note 4) | <u>3,139,355</u> |

Total permanently restricted net assets **\$ 3,572,183**

Temporarily restricted net assets are restricted for the following purpose:

| | |
|----------------------------|------------------|
| Christian life coordinator | <u>\$ 51,643</u> |
|----------------------------|------------------|

NOTE 10 - PENSION PLANS

The Organization has a noncontributory defined benefit pension plan covering all employees who met certain eligibility requirements. 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 and no new employees were allowed to enter the plan.

The Organization also has a 403(b) plan to which employees may contribute. The Board of Directors determines annually if any matching contributions will be made by the Organization. The Organization matched 50 percent of the first 3 percent contributed by an employee. Additionally, the Organization contributed, on a quarterly basis, 1 percent of wages for employees with 10 to 14 years of service and 2 percent of wages for employees with 15 years of service or more.

The amount charged to expense for the Organization's retirement plans includes \$53,698 of defined benefit pension expense, \$168,917 for matching the employees' contributions to their 403(b) plan, and \$64,521 in nonelective additional contributions for the 403(b) plan.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 10 - PENSION PLANS (CONTINUED)

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

Net pension cost for the Organization's defined benefit pension plan consisted of the following components for the year ended June 30, 2011:

| | |
|--------------------------------|-------------------------|
| Interest cost | \$ 184,844 |
| Expected return on plan assets | (187,978) |
| Recognition of net loss | <u>56,832</u> |
| Net pension cost | <u>\$ 53,698</u> |

Weighted-average assumptions used to determine net pension cost:

| | |
|-----------------------------------|-------|
| Discount rate | 5.50% |
| Expected long-term rate of return | 7.75% |
| Rate of compensation increase | - % |

The following sets forth the plan's funded status and the amounts recognized in the financial statements at June 30, 2011:

| | |
|------------------------------|----------------------------|
| Projected benefit obligation | \$ (3,377,162) |
| Fair value of plan assets | <u>2,889,682</u> |
| Funded status | <u>\$ (487,480)</u> |

Weighted-average assumptions used to determine benefit obligations:

| | |
|-------------------------------|-------|
| Discount rate | 5.75% |
| Rate of compensation increase | - % |

| | |
|------------------------|------------------|
| Employer contributions | <u>\$ 24,348</u> |
| Benefits paid | <u>\$ 21,907</u> |

The accumulated benefit obligation was \$3,377,162 at June 30, 2011.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 10 - PENSION PLANS (CONTINUED)

Plan Assets

The following table summarizes plan assets measured at fair value on June 30, 2011, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

| <u>Asset Category</u> | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> | <u>Total Fair Value</u> |
|----------------------------|---|--|--|-----------------------------|
| Cash and cash equivalents | \$ 144,927 | \$ - | \$ - | \$ 144,927 |
| Common stocks | 641,793 | - | - | 641,793 |
| Mutual funds | 1,236,772 | - | - | 1,236,772 |
| U.S. Government securities | - | 691,646 | - | 691,646 |
| Corporate bonds | <u>174,544</u> | <u>-</u> | <u>-</u> | <u>174,544</u> |
| Total | <u>\$ 2,198,036</u> | <u>\$ 691,646</u> | <u>\$ -</u> | <u>\$ 2,889,682</u> |

The Organization's target asset allocation as of June 30, 2011, 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.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 10 - PENSION PLANS (CONTINUED)

Contributions

The Baby Fold expects to contribute \$90,197 to the pension plan in fiscal year 2012.

Estimated Future Benefit Payments

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

| <u>Fiscal Year</u> | |
|--------------------|-----------|
| 2012 | \$ 57,797 |
| 2013 | 64,016 |
| 2014 | 70,128 |
| 2015 | 78,938 |
| 2016 | 85,329 |
| 2017-2021 | 781,165 |

Reconciliation of Items Not Yet Reflected in Net Periodic Benefit Cost

| | <u>July 1, 2010</u> | <u>Reclassified as Net Periodic Benefit Cost</u> | <u>Amounts Arising During Period</u> | <u>June 30, 2011</u> |
|----------|---------------------|--|--|----------------------|
| Net loss | \$ 792,782 | \$ (56,832) | \$ (432,322) | \$ 303,628 |

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

| | <u>July 1, 2011</u> | <u>Estimated Amounts to be Reclassified as Net Periodic Benefit Cost</u> |
|----------|---------------------|--|
| Net loss | \$ 303,628 | \$ - |

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

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 11 - 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, 2011

NOTE 11 - 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, 2011 is as follows:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|----------------------------------|---------------------|-------------------------------|-------------------------------|---------------------|
| Donor-restricted endowment funds | \$ - | \$ 51,643 | \$ 3,572,183 | \$ 3,623,826 |
| Board designated endowment funds | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total endowment funds | <u>\$ -</u> | <u>\$ 51,643</u> | <u>\$ 3,572,183</u> | <u>\$ 3,623,826</u> |

Changes in endowment net assets for the year ended June 30, 2011 are as follows:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-------------------------------|-------------------------------|---------------------|
| Endowment net assets, beginning of year | <u>\$ -</u> | <u>\$ 29,223</u> | <u>\$ 3,233,377</u> | <u>\$ 3,262,600</u> |
| Investment return: | | | | |
| Investment income, net | 116,482 | - | - | 116,482 |
| Net appreciation (realized and unrealized) | <u>-</u> | <u>-</u> | <u>333,806</u> | <u>333,806</u> |
| Total investment return | <u>116,482</u> | <u>-</u> | <u>333,806</u> | <u>450,288</u> |
| Contributions and other income | - | 22,420 | 5,000 | 27,420 |
| Expenditure of endowment assets | <u>(116,482)</u> | <u>-</u> | <u>-</u> | <u>(116,482)</u> |
| Endowment net assets, end of year | <u>\$ -</u> | <u>\$ 51,643</u> | <u>\$ 3,572,183</u> | <u>\$ 3,623,826</u> |

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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, 2011 are due as follows:

| | |
|-------------------------------------|--------------------------|
| Year ending June 30: | |
| 2012 | \$ 236,346 |
| 2013 | 45,350 |
| 2014 | 17,195 |
| 2015 | <u>11,250</u> |
| Total minimum lease payments | <u>\$ 310,141</u> |

The total rental expense reflected in the schedule of functional expenses is \$250,044 for the year ended June 30, 2011.

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 13 - CONCENTRATIONS

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 - SUBSEQUENT EVENTS

Management evaluated subsequent events through October 26, 2011, the date the financial statements were available to be issued.

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

THE BABY FOLD
SCHEDULE OF SUPPORT AND REVENUE
Year Ended June 30, 2011
(With Comparative Totals for 2010)

| | Operating |
|---|--------------------------|
| PUBLIC SUPPORT AND REVENUE | |
| Public support: | |
| Contributions: | |
| Churches | \$ 224 |
| Nonchurch organizations | 10,750 |
| Corporate | 2,717 |
| Individuals | 7,020 |
| Foundations | 22,850 |
| Bequests | - |
| United Way | 139,190 |
| Total public support | 182,751 |
| Revenue: | |
| Fees: | |
| Adoption service fees | 23,238 |
| Horizons Counseling | 72,153 |
| DCFS home studies | 21,750 |
| Total revenue | 117,141 |
| Total public support and revenue | 299,892 |
| FEES AND GRANTS FROM GOVERNMENTAL AGENCIES | |
| Residential purchase of service | 3,885,414 |
| Hammitt School tuition | 3,074,270 |
| Hammitt High School tuition | 1,815,983 |
| Hammitt training and consultation fees | 27,499 |
| Tri-County Special Education | 38,000 |
| State and federal meals reimbursement | 67,924 |
| Challenges tuition | 1,464,549 |
| Adoption preservation | 751,782 |
| Foster care | 2,879,952 |
| Project Choices | 76,385 |
| Healthy Start | 145,631 |
| Education Outreach | 59,131 |
| Therapeutic Stabilization | (1,710) |
| KTP Respite | 50,000 |
| Differential Response Services | 58,608 |
| Intact Family Services | 160,683 |
| Total | 14,554,101 |
| OTHER REVENUE | |
| Fundraising events | - |
| Net investment income | - |
| Earnings and distributions from estates in trust | - |
| In-kind contributions | 20,293 |
| Miscellaneous | 33,597 |
| Total | 53,890 |
| TOTAL SUPPORT AND REVENUE | \$ 14,907,883 |

| <u>Unrestricted Fund</u> | | <u>Temporarily Restricted Fund</u> | <u>Permanently Restricted Fund Endowment</u> | <u>Total All Funds 2011</u> | <u>Total (Memorandum Only) 2010</u> |
|--------------------------|----------------------|--|--|-------------------------------------|---|
| <u>Investment</u> | <u>Total</u> | | | | |
| \$ 73,276 | \$ 73,500 | \$ - | \$ - | \$ 73,500 | \$ 65,176 |
| 14,902 | 25,652 | - | - | 25,652 | 25,166 |
| 19,448 | 22,165 | - | - | 22,165 | 25,263 |
| 331,471 | 338,491 | 22,420 | 5,000 | 365,911 | 258,252 |
| 500 | 23,350 | - | - | 23,350 | 40,400 |
| 70,602 | 70,602 | - | - | 70,602 | 230,460 |
| - | 139,190 | - | - | 139,190 | 144,498 |
| <u>510,199</u> | <u>692,950</u> | <u>22,420</u> | <u>5,000</u> | <u>720,370</u> | <u>789,215</u> |
| - | 23,238 | - | - | 23,238 | 26,618 |
| - | 72,153 | - | - | 72,153 | 72,661 |
| - | 21,750 | - | - | 21,750 | 31,250 |
| <u>-</u> | <u>117,141</u> | <u>-</u> | <u>-</u> | <u>117,141</u> | <u>130,529</u> |
| <u>510,199</u> | <u>810,091</u> | <u>22,420</u> | <u>5,000</u> | <u>837,511</u> | <u>919,744</u> |
| - | 3,885,414 | - | - | 3,885,414 | 4,069,451 |
| - | 3,074,270 | - | - | 3,074,270 | 2,920,564 |
| - | 1,815,983 | - | - | 1,815,983 | 1,771,871 |
| - | 27,499 | - | - | 27,499 | 2,326 |
| - | 38,000 | - | - | 38,000 | 38,000 |
| - | 67,924 | - | - | 67,924 | 92,941 |
| - | 1,464,549 | - | - | 1,464,549 | 1,073,681 |
| - | 751,782 | - | - | 751,782 | 661,782 |
| - | 2,879,952 | - | - | 2,879,952 | 2,666,821 |
| - | 76,385 | - | - | 76,385 | 58,342 |
| - | 145,631 | - | - | 145,631 | 161,813 |
| - | 59,131 | - | - | 59,131 | 59,131 |
| - | (1,710) | - | - | (1,710) | 158,063 |
| - | 50,000 | - | - | 50,000 | 50,000 |
| - | 58,608 | - | - | 58,608 | - |
| - | 160,683 | - | - | 160,683 | 190,290 |
| <u>-</u> | <u>14,554,101</u> | <u>-</u> | <u>-</u> | <u>14,554,101</u> | <u>13,975,076</u> |
| 321,861 | 321,861 | - | - | 321,861 | 325,031 |
| 1,139,364 | 1,139,364 | - | - | 1,139,364 | 594,361 |
| 116,482 | 116,482 | - | 333,806 | 450,288 | 244,834 |
| 6,865 | 27,158 | - | - | 27,158 | 20,937 |
| - | 33,597 | - | - | 33,597 | 44,075 |
| <u>1,584,572</u> | <u>1,638,462</u> | <u>-</u> | <u>333,806</u> | <u>1,972,268</u> | <u>1,229,238</u> |
| <u>\$ 2,094,771</u> | <u>\$ 17,002,654</u> | <u>\$ 22,420</u> | <u>\$ 338,806</u> | <u>\$ 17,363,880</u> | <u>\$ 16,124,058</u> |

THE BABY FOLD
SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUE
Year Ended June 30, 2011
(Operating Fund)

| | <u>Residential Treatment Center</u> | <u>Hammitt School</u> | <u>Partners County Outreach</u> |
|---|---|---------------------------|---|
| PUBLIC SUPPORT AND REVENUE | | | |
| Public support: | | | |
| Contributions: | | | |
| Churches | \$ 224 | \$ - | \$ - |
| Nonchurch organizations | - | 500 | - |
| Corporate | 1,677 | - | - |
| Individuals | 3,895 | 295 | - |
| Foundations | 7,350 | 9,000 | - |
| United Way | - | - | 54,549 |
| Totals | <u>13,146</u> | <u>9,795</u> | <u>54,549</u> |
| Revenue: | | | |
| Fees: | | | |
| Adoption service fees | - | - | - |
| Horizons Counseling | - | - | - |
| DCFS Home Studies | - | - | - |
| Totals | <u>-</u> | <u>-</u> | <u>-</u> |
| Total public support and revenue | <u>13,146</u> | <u>9,795</u> | <u>54,549</u> |
| FEES AND GRANTS FROM GOVERNMENTAL AGENCIES | | | |
| Residential purchase of service | 3,885,414 | - | - |
| Hammitt School tuition | - | 3,074,270 | - |
| Hammitt High School tuition | - | - | - |
| Hammitt training and consultation fees | - | 8,870 | - |
| Tri-County Special Education | - | - | 38,000 |
| State and federal meals reimbursement | 24,431 | 35,408 | - |
| Challenges tuition | - | - | - |
| Adoption preservation | - | - | - |
| Foster care | - | - | - |
| Project Choices | - | - | - |
| Healthy Start | - | - | - |
| Education Outreach | - | - | - |
| Therapeutic Stabilization | - | - | - |
| KTP Respite | - | - | - |
| Differential Response Services | - | - | - |
| Intact Family Services | - | - | - |
| Totals | <u>3,909,845</u> | <u>3,118,548</u> | <u>38,000</u> |
| OTHER REVENUE | | | |
| In-kind contributions | 8,670 | - | - |
| Miscellaneous | 2,310 | 20 | - |
| Totals | <u>10,980</u> | <u>20</u> | <u>-</u> |
| TOTAL SUPPORT AND REVENUE | <u>\$ 3,933,971</u> | <u>\$ 3,128,363</u> | <u>\$ 92,549</u> |

| <u>Hammitt High School</u> | <u>Education Outreach</u> | <u>Challenges</u> | <u>International Home Studies</u> | <u>Foster Care & Special Needs Adoption</u> | <u>Foster Specialized Care</u> |
|----------------------------|---------------------------|---------------------|-----------------------------------|---|--------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | 8,635 | - | - |
| - | 1,000 | - | - | 40 | - |
| - | - | - | 130 | - | - |
| 500 | - | - | 6,000 | - | - |
| - | - | - | - | - | - |
| <u>500</u> | <u>1,000</u> | <u>-</u> | <u>14,765</u> | <u>40</u> | <u>-</u> |
| - | - | - | 23,238 | - | - |
| - | - | - | - | - | - |
| - | - | - | <u>21,750</u> | - | - |
| - | - | - | <u>44,988</u> | - | - |
| <u>500</u> | <u>1,000</u> | <u>-</u> | <u>59,753</u> | <u>40</u> | <u>-</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 1,815,983 | - | - | - | - | - |
| 18,629 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 8,085 | - | - | - |
| - | - | 1,464,549 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | 1,831,443 | 558,986 |
| - | - | - | - | - | - |
| - | 59,131 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>1,834,612</u> | <u>59,131</u> | <u>1,472,634</u> | <u>-</u> | <u>1,831,443</u> | <u>558,986</u> |
| - | - | - | - | 814 | - |
| - | 60 | - | 20,056 | 575 | 477 |
| - | 60 | - | <u>20,056</u> | <u>1,389</u> | <u>477</u> |
| <u>\$ 1,835,112</u> | <u>\$ 60,191</u> | <u>\$ 1,472,634</u> | <u>\$ 79,809</u> | <u>\$ 1,832,872</u> | <u>\$ 559,463</u> |

THE BABY FOLD
SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUE
Year Ended June 30, 2011
(Operating Fund)

| | <u>Foster Professional Care</u> | <u>Keeping the Promise</u> | <u>Healthy Start</u> |
|---|---|------------------------------------|--------------------------|
| PUBLIC SUPPORT AND REVENUE | | | |
| Public support: | | | |
| Contributions: | | | |
| Churches | \$ - | \$ - | \$ - |
| Nonchurch organizations | - | - | 1,615 |
| Corporate | - | - | - |
| Individuals | - | - | 2,525 |
| Foundations | - | - | - |
| United Way | - | - | 84,641 |
| Totals | <u>-</u> | <u>-</u> | <u>88,781</u> |
| Revenue: | | | |
| Fees: | | | |
| Adoption service fees | - | - | - |
| Horizons Counseling | - | - | - |
| DCFS Home Studies | - | - | - |
| Totals | <u>-</u> | <u>-</u> | <u>-</u> |
| Total public support and revenue | <u>-</u> | <u>-</u> | <u>88,781</u> |
| FEES AND GRANTS FROM GOVERNMENTAL AGENCIES | | | |
| Residential purchase of service | - | - | - |
| Hammitt School tuition | - | - | - |
| Hammitt High School tuition | - | - | - |
| Hammitt training and consultation fees | - | - | - |
| Tri-County Special Education | - | - | - |
| State and federal meals reimbursement | - | - | - |
| Challenges tuition | - | - | - |
| Adoption preservation | - | 751,782 | - |
| Foster care | 489,523 | - | - |
| Project Choices | - | - | - |
| Healthy Start | - | - | 145,631 |
| Education Outreach | - | - | - |
| Therapeutic Stabilization | - | - | - |
| KTP Respite | - | - | - |
| Differential Response | - | - | - |
| Intact Family Services | - | - | - |
| Totals | <u>489,523</u> | <u>751,782</u> | <u>145,631</u> |
| OTHER REVENUE | | | |
| In-kind contributions | - | - | 5,559 |
| Miscellaneous | 992 | 620 | 240 |
| Totals | <u>992</u> | <u>620</u> | <u>5,799</u> |
| TOTAL SUPPORT AND REVENUE | <u>\$ 490,515</u> | <u>\$ 752,402</u> | <u>\$ 240,211</u> |

| <u>Project Choices</u> | <u>Intact Family Services</u> | <u>Therapeutic Stabilization</u> | <u>KTP Respite</u> | <u>Horizons Counseling</u> | <u>Differential Response Services</u> | <u>Total</u> |
|------------------------|-------------------------------|----------------------------------|--------------------|----------------------------|---------------------------------------|----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 224 |
| - | - | - | - | - | - | 10,750 |
| - | - | - | - | - | - | 2,717 |
| - | - | - | - | 175 | - | 7,020 |
| - | - | - | - | - | - | 22,850 |
| - | - | - | - | - | - | 139,190 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>175</u> | <u>-</u> | <u>182,751</u> |
| - | - | - | - | - | - | 23,238 |
| - | - | - | - | 72,153 | - | 72,153 |
| - | - | - | - | - | - | 21,750 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>72,153</u> | <u>-</u> | <u>117,141</u> |
| - | - | - | - | 72,328 | - | 299,892 |
| - | - | - | - | - | - | 3,885,414 |
| - | - | - | - | - | - | 3,074,270 |
| - | - | - | - | - | - | 1,815,983 |
| - | - | - | - | - | - | 27,499 |
| - | - | - | - | - | - | 38,000 |
| - | - | - | - | - | - | 67,924 |
| - | - | - | - | - | - | 1,464,549 |
| - | - | - | - | - | - | 751,782 |
| - | - | - | - | - | - | 2,879,952 |
| 76,385 | - | - | - | - | - | 76,385 |
| - | - | - | - | - | - | 145,631 |
| - | - | - | - | - | - | 59,131 |
| - | - | (1,710) | - | - | - | (1,710) |
| - | - | - | 50,000 | - | - | 50,000 |
| - | - | - | - | - | 58,608 | 58,608 |
| - | 160,683 | - | - | - | - | 160,683 |
| <u>76,385</u> | <u>160,683</u> | <u>(1,710)</u> | <u>50,000</u> | <u>-</u> | <u>58,608</u> | <u>14,554,101</u> |
| - | - | - | - | 5,250 | - | 20,293 |
| 50 | 80 | 40 | 30 | 7,972 | 75 | 33,597 |
| <u>50</u> | <u>80</u> | <u>40</u> | <u>30</u> | <u>13,222</u> | <u>75</u> | <u>53,890</u> |
| \$ <u>76,435</u> | \$ <u>160,763</u> | \$ <u>(1,670)</u> | \$ <u>50,030</u> | \$ <u>85,550</u> | \$ <u>58,683</u> | \$ <u>14,907,883</u> |

THE BABY FOLD
SCHEDULE OF FUNCTIONAL EXPENSES WITH ALLOCATION
OF MANAGEMENT AND GENERAL EXPENSES
Year Ended June 30, 2011
(With Comparative Totals for 2010)

| | <u>Residential Treatment Center</u> | <u>Hammitt School</u> | <u>Partners County Outreach</u> |
|---|---|---------------------------|---|
| Salaries and wages | \$ 2,305,282 | \$ 1,701,206 | \$ 69,237 |
| Group insurance | 238,478 | 166,562 | 12,910 |
| Pensions | 46,952 | 58,534 | 2,157 |
| Social security and Medicare tax | 169,216 | 123,203 | 4,830 |
| Unemployment compensation taxes | 1,679 | 1,255 | 52 |
| Workers' compensation insurance | 51,799 | 36,425 | 1,524 |
| Professional liability insurance | 7,707 | 5,802 | 238 |
| Employee medical | 4,862 | 346 | 1 |
| Auditing and legal fees | - | - | - |
| Administrative consultants | - | - | - |
| Data processing | 2,087 | 3,487 | - |
| Office supplies and expense | 1,596 | 1,210 | 3 |
| Telephone | 8,913 | 6,950 | 273 |
| Printing | - | - | - |
| Postage | 272 | 14 | - |
| Office equipment rental | 4,478 | 5,179 | 36 |
| Subscriptions | 379 | 195 | - |
| Rent | - | - | - |
| Utilities | 115,611 | 40,539 | 497 |
| Buildings and grounds supplies | 34,916 | 11,714 | 435 |
| Maintenance of buildings and grounds | 35,749 | 52,570 | 126 |
| Equipment repairs | 25,001 | 20,612 | 282 |
| Property insurance | 7,470 | 5,586 | 231 |
| Travel | 24,488 | 11,956 | 2,564 |
| Auto insurance | 3,527 | 1,146 | - |
| Conference and convention expense | 10,966 | 4,191 | 386 |
| Program supplies | 48,855 | 29,640 | 15 |
| Specific assistance | 13,049 | - | - |
| Medical supplies | 3,392 | 819 | - |
| Food | 39,344 | 30,553 | - |
| Kitchen service supplies | 3,673 | 2,577 | - |
| Professional consultants | 33,911 | 825 | - |
| Student stipend | - | - | - |
| Foster home care | - | - | - |
| Festival expenses | - | - | - |
| Dues | - | - | - |
| Board of Trustees expense | - | - | - |
| Interest expense | 72,396 | 2,561 | - |
| Miscellaneous | - | - | - |
| Depreciation expense | <u>226,897</u> | <u>96,713</u> | <u>2,023</u> |
| Totals | 3,542,945 | 2,422,370 | 97,820 |
| Allocation of management cost to program cost | <u>465,890</u> | <u>344,868</u> | <u>14,409</u> |
| TOTAL EXPENSES | <u>\$ 4,008,835</u> | <u>\$ 2,767,238</u> | <u>\$ 112,229</u> |

Program Services

| Hammitt High School | Education Outreach | Challenges | International Home Studies | Foster Care & Special Needs Adoption | Foster Specialized Care |
|------------------------------------|-------------------------------|---------------------|---|---|--|
| \$ 1,334,973 | \$ 38,705 | \$ 913,367 | \$ 63,255 | \$ 798,706 | \$ 224,417 |
| 111,022 | 2,842 | 86,179 | 1,217 | 62,656 | 20,736 |
| 45,779 | 446 | 27,584 | 6,497 | 19,960 | 5,208 |
| 97,287 | 2,843 | 66,748 | 4,388 | 57,920 | 16,558 |
| 995 | 30 | 706 | 45 | 564 | 201 |
| 28,967 | 840 | 19,938 | 1,404 | 16,944 | 4,743 |
| 4,582 | 149 | 3,243 | 208 | 2,589 | 922 |
| 702 | - | 761 | 47 | 658 | 169 |
| - | - | - | - | - | - |
| - | - | - | 875 | - | - |
| 3,112 | 33 | 2,177 | 46 | 446 | 156 |
| 1,652 | 2 | 2,329 | 2 | 1,002 | 705 |
| 6,792 | 249 | 4,087 | 2,508 | 5,510 | 2,559 |
| - | - | - | - | - | - |
| 32 | - | 5 | 195 | 310 | 29 |
| 4,582 | 153 | 2,149 | 210 | 2,578 | 909 |
| 573 | - | 30 | - | - | - |
| 188,617 | - | 18,654 | - | - | - |
| - | 996 | 13,618 | 1,329 | 16,126 | 5,654 |
| 5,473 | 170 | 5,054 | 242 | 2,298 | 833 |
| 35,912 | 696 | 16,480 | 981 | 12,211 | 4,322 |
| 5,044 | 271 | 6,239 | 381 | 4,770 | 1,691 |
| 4,429 | 132 | 3,140 | 198 | 2,512 | 892 |
| 5,939 | 1,048 | 4,264 | 2,098 | 47,788 | 18,384 |
| 2,557 | 106 | 652 | 494 | 1,781 | 441 |
| 1,736 | 117 | 1,391 | 151 | 2,304 | 877 |
| 11,673 | 503 | 12,409 | 228 | 4,548 | 1,820 |
| - | - | - | - | 3,394 | - |
| 46 | - | 177 | - | - | 35 |
| 20,637 | - | 10,590 | - | - | - |
| 3,673 | - | 1,259 | - | - | - |
| 50 | - | 7,516 | - | 17,509 | 3,685 |
| - | - | - | - | 15,000 | - |
| - | - | - | - | 472,238 | 194,332 |
| - | - | - | - | - | - |
| 263 | - | 29 | - | - | - |
| - | - | - | - | - | - |
| - | 643 | - | 890 | 11,033 | 3,903 |
| 5,829 | - | 513 | - | - | - |
| <u>23,503</u> | <u>2,528</u> | <u>34,030</u> | <u>3,590</u> | <u>44,707</u> | <u>15,827</u> |
| 1,956,431 | 53,502 | 1,265,318 | 91,479 | 1,628,062 | 530,008 |
| <u>267,475</u> | <u>7,704</u> | <u>185,027</u> | <u>11,820</u> | <u>158,600</u> | <u>45,379</u> |
| <u>\$ 2,223,906</u> | <u>\$ 61,206</u> | <u>\$ 1,450,345</u> | <u>\$ 103,299</u> | <u>\$ 1,786,662</u> | <u>\$ 575,387</u> |

THE BABY FOLD
SCHEDULE OF FUNCTIONAL EXPENSES WITH ALLOCATION
OF MANAGEMENT AND GENERAL EXPENSES
Year Ended June 30, 2011
(With Comparative Totals for 2010)

| | Foster Professional Care | Keeping the Promise |
|---|---|------------------------------------|
| Salaries and wages | \$ 327,797 | \$ 418,470 |
| Group insurance | 28,470 | 34,797 |
| Pensions | 9,431 | 12,584 |
| Social security and Medicare tax | 24,260 | 30,623 |
| Unemployment compensation taxes | 275 | 327 |
| Workers' compensation insurance | 6,874 | 8,973 |
| Professional liability insurance | 1,279 | 1,518 |
| Employee medical | 560 | 193 |
| Auditing and legal fees | - | - |
| Administrative consultants | - | - |
| Data processing | 215 | 7,808 |
| Office supplies and expense | 1,811 | 2,615 |
| Telephone | 4,000 | 5,627 |
| Printing | - | - |
| Postage | 31 | - |
| Office equipment rental | 1,255 | 1,493 |
| Subscriptions | - | - |
| Rent | - | - |
| Utilities | 7,150 | 9,475 |
| Buildings and grounds supplies | 1,058 | 1,366 |
| Maintenance of buildings and grounds | 5,470 | 7,147 |
| Equipment repairs | 2,255 | 2,786 |
| Property insurance | 1,223 | 1,454 |
| Travel | 22,000 | 55,518 |
| Auto insurance | 705 | 2,204 |
| Conference and convention expense | 1,094 | 13,338 |
| Program supplies | 1,166 | 22,503 |
| Specific assistance | - | 7,742 |
| Medical supplies | 39 | - |
| Food | - | - |
| Kitchen service supplies | - | - |
| Professional consultants | 3,175 | - |
| Student stipend | - | - |
| Foster home care | 52,094 | - |
| Festival expenses | - | - |
| Dues | - | - |
| Board of Trustees expense | - | - |
| Interest expense | 4,947 | 6,463 |
| Miscellaneous | - | (182) |
| Depreciation expense | 20,177 | 27,799 |
| Totals | 528,811 | 682,641 |
| Allocation of management cost to program cost | 65,388 | 83,787 |
| TOTAL EXPENSES | \$ 594,199 | \$ 766,428 |

Program Services

| <u>Healthy Start</u> | <u>Project Choices</u> | <u>Intact Family Services</u> | <u>Therapeutic Stabilization</u> | <u>KTP Respite</u> |
|----------------------|------------------------|-------------------------------|----------------------------------|--------------------|
| \$ 155,938 | \$ 38,828 | \$ 79,801 | \$ 32,677 | \$ 29,208 |
| 22,648 | 2,913 | 5,433 | 826 | 1,676 |
| 5,048 | 1,401 | 2,090 | 1,135 | 484 |
| 11,217 | 2,761 | 6,011 | 2,511 | 2,146 |
| 618 | 30 | 56 | 22 | 15 |
| 3,273 | 822 | 1,742 | 616 | 629 |
| 595 | 119 | 289 | 89 | 89 |
| 108 | - | 1 | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 128 | 26 | 73 | 21 | 17 |
| 511 | 2 | 4 | 1,043 | 1 |
| 1,262 | 412 | 884 | 327 | 99 |
| - | - | - | - | - |
| - | - | - | - | - |
| 591 | 123 | 296 | 97 | 80 |
| - | - | - | - | - |
| - | - | - | - | - |
| 3,658 | 829 | 1,792 | 663 | 498 |
| 552 | 124 | 295 | 88 | 87 |
| 2,771 | 577 | 1,474 | 458 | 348 |
| 1,090 | 231 | 529 | 176 | 142 |
| 562 | 132 | 270 | 99 | 66 |
| 6,540 | 3,966 | 2,234 | 1,543 | 365 |
| 705 | 212 | 329 | 353 | 282 |
| 4,728 | 206 | 334 | 177 | 55 |
| 6,813 | 1,652 | 119 | 1,506 | 12,962 |
| 231 | - | 11,007 | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 167 | - | 18,402 | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 2,524 | 524 | 1,220 | 408 | 330 |
| - | - | - | - | - |
| <u>10,133</u> | <u>2,125</u> | <u>3,268</u> | <u>1,686</u> | <u>1,271</u> |
| 242,411 | 58,015 | 137,953 | 46,521 | 50,850 |
| <u>32,873</u> | <u>7,715</u> | <u>15,821</u> | <u>6,235</u> | <u>5,729</u> |
| <u>\$ 275,284</u> | <u>\$ 65,730</u> | <u>\$ 153,774</u> | <u>\$ 52,756</u> | <u>\$ 56,579</u> |

THE BABY FOLD
SCHEDULE OF FUNCTIONAL EXPENSES WITH ALLOCATION
OF MANAGEMENT AND GENERAL EXPENSES
Year Ended June 30, 2011
(With Comparative Totals for 2010)

| | Program Services | | Total Program Services |
|---|--------------------------------|---|---------------------------------------|
| | Horizons Counseling | Differential Response Services | |
| Salaries and wages | \$ 57,896 | \$ 33,142 | \$ 8,622,905 |
| Group insurance | 3,299 | 476 | 803,140 |
| Pensions | 2,536 | 1,522 | 249,348 |
| Social security and Medicare tax | 4,249 | 2,430 | 629,201 |
| Unemployment compensation taxes | 52 | 26 | 6,948 |
| Workers' compensation insurance | 1,253 | 628 | 187,394 |
| Professional liability insurance | 238 | 98 | 29,754 |
| Employee medical | - | - | 8,408 |
| Auditing and legal fees | - | - | - |
| Administrative consultants | - | - | 875 |
| Data processing | 861 | 10 | 20,703 |
| Office supplies and expense | 520 | 2 | 15,010 |
| Telephone | 4,153 | 305 | 54,910 |
| Printing | 7,195 | - | 7,195 |
| Postage | - | - | 888 |
| Office equipment rental | 227 | 85 | 24,521 |
| Subscriptions | - | - | 1,177 |
| Rent | 7,365 | - | 214,636 |
| Utilities | 1,494 | 537 | 220,466 |
| Buildings and grounds supplies | 219 | 49 | 64,973 |
| Maintenance of buildings and grounds | 1,091 | 315 | 178,698 |
| Equipment repairs | 427 | 168 | 72,095 |
| Property insurance | 231 | 94 | 28,721 |
| Travel | 418 | 2,119 | 213,232 |
| Auto insurance | 176 | 112 | 15,782 |
| Conference and convention expense | 282 | 474 | 42,807 |
| Program supplies | 247 | 8 | 156,667 |
| Specific assistance | - | - | 35,423 |
| Medical supplies | - | - | 4,508 |
| Food | - | - | 101,124 |
| Kitchen service supplies | - | - | 11,182 |
| Professional consultants | - | - | 85,240 |
| Student stipend | - | - | 15,000 |
| Foster home care | - | - | 718,664 |
| Festival expenses | - | - | - |
| Dues | - | - | 292 |
| Board of Trustees expense | - | - | - |
| Interest expense | 971 | 407 | 109,220 |
| Miscellaneous | 2,936 | - | 9,096 |
| Depreciation expense | 4,333 | 3,268 | 523,878 |
| Totals | 102,669 | 46,275 | 13,484,081 |
| Allocation of management cost to program cost | 11,343 | 6,134 | 1,736,197 |
| TOTAL EXPENSES | \$ 114,012 | \$ 52,409 | \$ 15,220,278 |

Support Services

| Management and General | Public Relations | Total Support Services | Total Expenses | |
|-----------------------------------|-----------------------------|---------------------------------------|-----------------------|----------------------|
| | | | 2011 | 2010 |
| \$ 1,031,471 | \$ 248,836 | \$ 1,280,307 | \$ 9,903,212 | \$ 9,644,372 |
| 119,818 | 6,989 | 126,807 | 929,947 | 989,906 |
| 34,992 | 7,984 | 42,976 | 292,324 | 275,941 |
| 71,855 | 19,052 | 90,907 | 720,108 | 722,893 |
| (48) | 666 | 618 | 7,566 | 38,061 |
| 5,762 | 4,497 | 10,259 | 197,653 | 220,100 |
| - | - | - | 29,754 | 30,809 |
| 14,668 | 566 | 15,234 | 23,642 | 15,442 |
| 42,379 | - | 42,379 | 42,379 | 27,009 |
| 69,993 | 31,155 | 101,148 | 102,023 | 68,728 |
| 66,176 | 8,345 | 74,521 | 95,224 | 77,652 |
| 38,541 | 4,838 | 43,379 | 58,389 | 49,841 |
| 24,888 | 4,687 | 29,575 | 84,485 | 61,387 |
| 227 | 53,573 | 53,800 | 60,995 | 35,273 |
| 19,588 | 13,018 | 32,606 | 33,494 | 25,659 |
| 3,074 | 7,813 | 10,887 | 35,408 | 32,695 |
| 1,286 | 250 | 1,536 | 2,713 | 2,696 |
| - | - | - | 214,636 | 205,507 |
| 27,453 | 5,125 | 32,578 | 253,044 | 301,864 |
| 5,856 | 2,010 | 7,866 | 72,839 | 68,196 |
| 23,001 | 7,184 | 30,185 | 208,883 | 205,036 |
| 11,584 | 3,883 | 15,467 | 87,562 | 79,822 |
| 21,527 | 926 | 22,453 | 51,174 | 50,089 |
| 9,850 | 1,079 | 10,929 | 224,161 | 168,742 |
| 1,587 | 264 | 1,851 | 17,633 | 36,130 |
| 17,157 | 2,700 | 19,857 | 62,664 | 66,532 |
| - | - | - | 156,667 | 147,053 |
| - | - | - | 35,423 | 36,635 |
| - | - | - | 4,508 | 14,685 |
| - | - | - | 101,124 | 100,947 |
| - | - | - | 11,182 | 10,974 |
| - | - | - | 85,240 | 80,125 |
| - | - | - | 15,000 | 7,708 |
| - | - | - | 718,664 | 627,805 |
| - | 109,313 | 109,313 | 109,313 | 112,649 |
| 29,677 | 25 | 29,702 | 29,994 | 29,678 |
| 270 | - | 270 | 270 | - |
| 7,732 | - | 7,732 | 116,952 | 138,344 |
| 19,548 | 5,717 | 25,265 | 34,361 | 26,144 |
| <u>62,799</u> | <u>11,230</u> | <u>74,029</u> | <u>597,907</u> | <u>568,318</u> |
| 1,782,711 | 561,725 | 2,344,436 | 15,828,517 | 15,401,447 |
| <u>(1,782,711)</u> | <u>46,514</u> | <u>(1,736,197)</u> | <u>-</u> | <u>-</u> |
| <u>\$ -</u> | <u>\$ 608,239</u> | <u>\$ 608,239</u> | <u>\$ 15,828,517</u> | <u>\$ 15,401,447</u> |

THE BABY FOLD
SCHEDULE OF EARNINGS ON INVESTED ASSETS -
INVESTMENT FUND (UNRESTRICTED)
Year Ended June 30, 2011

INVESTMENT INCOME FROM REAL ESTATE

| | | |
|--|-----------------|------------|
| Income from farms and rental property | \$ 518,411 | |
| Less: | | |
| Farm and rental expenses | (104,174) | |
| Farm management fees | <u>(31,595)</u> | |
| Net investment income from real estate | | \$ 382,642 |

INVESTMENT INCOME FROM SECURITIES

| | | |
|--|-----------------|----------------|
| Interest - U.S. Government securities | 45,310 | |
| Interest - corporate bonds | 41,151 | |
| Interest - money market | 10 | |
| Dividends - mutual funds | 5,847 | |
| Dividends - corporate stocks | <u>55,164</u> | |
| Total interest and dividends | 147,482 | |
| Net unrealized gain on investments | \$ 406,545 | |
| Net realized gain on sale of investments | <u>244,754</u> | |
| Net realized and unrealized gain | 651,299 | |
| Less: Investment fees | <u>(42,059)</u> | |
| Net investment income from securities | | <u>756,722</u> |

NET INVESTMENT INCOME \$ 1,139,364

**THE BABY FOLD
RESIDENTIAL TREATMENT CENTER, FOSTER FAMILY
CARE, AND ADOPTION PROGRAMS STATISTICS
Year Ended June 30, 2011**

(Unaudited)

| | Days of <u>Care</u> |
|---|--------------------------------|
| RESIDENTIAL TREATMENT CENTER PROGRAM | |
| Children placed by: | |
| Department of Children and Family Services | 8,606 |
| Illinois State Board of Education | 366 |
| Illinois Department of Human Services | <u>1,166</u> |
| | <u>10,138</u> |
| FOSTER FAMILY CARE PROGRAM | |
| Children placed by Department of Children and Family Services on a long-term basis | <u>58,384</u> |