

**FOSTER CARE COALITION OF
GREATER ST. LOUIS, INC.
D/B/A FOSTER AND ADOPTIVE CARE COALITION**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE
YEARS ENDED DECEMBER 31, 2007 AND 2006**

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition

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Independent Auditors' Report

Board of Directors
Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
St. Louis, Missouri

We have audited the accompanying statements of financial position of Foster Care Coalition of Greater St. Louis, Inc. d/b/a Foster and Adoptive Care Coalition (a nonprofit organization) as of December 31, 2007 and 2006, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Coalition's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide 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 Foster Care Coalition of Greater St. Louis, Inc. d/b/a Foster and Adoptive Care Coalition as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Schmersahl Treloar & Co., PC
June 26, 2008

FINANCIAL STATEMENTS

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2007	2006
ASSETS		
Cash and cash equivalents	\$ 417,343	\$ 251,806
Accounts receivable		
Grants	132,995	5,000
United Way	161,195	111,195
Other	-	1,580
Inventories	5,013	4,303
Investments	173,310	21,765
Office equipment, net of accumulated depreciation of \$31,913 and \$20,174, respectively	14,173	13,938
TOTAL ASSETS	\$ 904,029	\$ 409,587

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 198,805	\$ 33,524
NET ASSETS		
Unrestricted	427,873	172,400
Temporarily restricted	277,351	203,663
Total Net Assets	705,224	376,063
TOTAL LIABILITIES AND NET ASSETS	\$ 904,029	\$ 409,587

See accompanying notes to financial statements

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2007		
	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Grants	\$ 339,121	\$ 366,780	\$ 705,901
United Way allocation	-	161,195	161,195
Contributions	113,706	313,117	426,823
Return on investment	4,340	-	4,340
In-kind services and donated materials	11,432	-	11,432
Membership fees	2,000	-	2,000
Other income	8,378	-	8,378
Merchandise sales	3,555	-	3,555
	<u>482,532</u>	<u>841,092</u>	<u>1,323,624</u>
Net assets released from restrictions	<u>767,404</u>	<u>(767,404)</u>	<u>-</u>
Total Public Support and Revenue	<u>1,249,936</u>	<u>73,688</u>	<u>1,323,624</u>
EXPENSES			
Program Services			
Recruitment	428,829	-	428,829
Retention	383,551	-	383,551
Advocacy	8,474	-	8,474
	<u>820,854</u>	<u>-</u>	<u>820,854</u>
Supporting Services			
Management and general	30,442	-	30,442
Fundraising	143,167	-	143,167
	<u>173,609</u>	<u>-</u>	<u>173,609</u>
Total Supporting Services	<u>173,609</u>	<u>-</u>	<u>173,609</u>
Total Expense	<u>994,463</u>	<u>-</u>	<u>994,463</u>
CHANGE IN NET ASSETS	255,473	73,688	329,161
NET ASSETS, Beginning of year	<u>172,400</u>	<u>203,663</u>	<u>376,063</u>
NET ASSETS, End of year	<u>\$ 427,873</u>	<u>\$ 277,351</u>	<u>\$ 705,224</u>

See accompanying notes to financial statements

Year Ended December 31, 2006		
	Temporarily	
Unrestricted	Restricted	Total
\$ 101,500	\$ 307,751	\$ 409,251
3,009	111,195	114,204
101,356	230,460	331,816
1,220	-	1,220
33,369	-	33,369
1,000	-	1,000
14,256	-	14,256
3,179	-	3,179
258,889	649,406	908,295
588,417	(588,417)	-
847,306	60,989	908,295
325,610	-	325,610
321,280	-	321,280
7,398	-	7,398
654,288	-	654,288
16,117	-	16,117
123,115	-	123,115
139,232	-	139,232
793,520	-	793,520
53,786	60,989	114,775
118,614	142,674	261,288
<u>\$ 172,400</u>	<u>\$ 203,663</u>	<u>\$ 376,063</u>

See accompanying notes to financial statements

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2007

	Program Services				Supporting Services			Total
	Recruitment	Retention	Advocacy	Total	Management and General	Fund- Raising	Total	
Salaries and wages	\$ 215,129	\$ 164,290	\$ 5,896	\$ 385,315	\$ 18,988	\$ 76,962	\$ 95,950	\$ 481,265
Payroll taxes	17,822	13,611	489	31,922	1,573	6,376	7,949	39,871
Employee benefits	14,192	10,837	388	25,417	1,253	5,077	6,330	31,747
 Total Salaries and Related Expenses	 247,143	 188,738	 6,773	 442,654	 21,814	 88,415	 110,229	 552,883
 Conferences and meetings	 17,133	 18,397	 300	 35,830	 967	 7,338	 8,305	 44,135
Insurance	1,903	1,454	52	3,409	168	681	849	4,258
Membership dues	236	236	-	472	-	-	-	472
Occupancy, including depreciation	10,814	10,630	296	21,740	952	3,855	4,807	26,547
 Postage and shipping	 6,745	 5,062	 181	 11,988	 585	 4,121	 4,706	 16,694
Printing and publications	2,035	6,659	-	8,694	-	7,950	7,950	16,644
Professional fees	50,975	38,076	704	89,755	5,417	9,167	14,584	104,339
 Specific assistance to individuals								
Little Wishes	4,361	5,451	-	9,812	-	1,091	1,091	10,903
Holiday Wishes	73,462	91,827	-	165,289	-	18,366	18,366	183,655
 Supplies	 5,573	 10,845	 36	 16,454	 115	 464	 579	 17,033
Telephone	4,934	4,242	132	9,308	424	1,719	2,143	11,451
Travel	3,515	1,934	-	5,449	-	-	-	5,449
 Total Expenses By Function	 <u>\$ 428,829</u>	 <u>\$ 383,551</u>	 <u>\$ 8,474</u>	 <u>\$ 820,854</u>	 <u>\$ 30,442</u>	 <u>\$ 143,167</u>	 <u>\$ 173,609</u>	 <u>\$ 994,463</u>
 Percent of Total Expenses	 <u>43.1%</u>	 <u>38.6%</u>	 <u>0.9%</u>	 <u>82.6%</u>	 <u>3.1%</u>	 <u>14.3%</u>	 <u>17.4%</u>	 <u>100.0%</u>

See accompanying notes to financial statements

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2006

	Program Services				Supporting Services			Total
	Recruitment	Retention	Advocacy	Total	Management and General	Fund- Raising	Total	
Salaries and wages	\$ 148,783	\$ 128,579	\$ 5,497	\$ 282,859	\$ 11,504	\$ 69,677	\$ 81,181	\$ 364,040
Payroll taxes	12,282	10,614	454	23,350	950	5,752	6,702	30,052
Employee benefits	<u>11,024</u>	<u>9,527</u>	<u>407</u>	<u>20,958</u>	<u>852</u>	<u>5,163</u>	<u>6,015</u>	<u>26,973</u>
Total Salaries and Related Expenses	172,089	148,720	6,358	327,167	13,306	80,592	93,898	421,065
Conferences and meetings	3,836	13,492	-	17,328	-	3,443	3,443	20,771
Insurance	1,488	1,286	55	2,829	115	697	812	3,641
Membership dues	-	475	-	475	-	-	-	475
Occupancy, including depreciation	5,253	7,739	194	13,186	406	2,460	2,866	16,052
Postage and shipping	8,818	7,574	324	16,716	678	4,211	4,889	21,605
Printing and publications	8,360	7,104	90	15,554	-	4,951	4,951	20,505
Professional fees	26,078	35,311	202	61,591	1,152	14,637	15,789	77,380
Specific assistance to individuals								
Little Wishes	18,965	17,069	-	36,034	-	1,897	1,897	37,931
Holiday Wishes	69,581	62,623	-	132,204	-	6,958	6,958	139,162
Supplies	6,009	14,094	54	20,157	115	1,229	1,344	21,501
Telephone	3,661	3,641	121	7,423	251	1,529	1,780	9,203
Travel	<u>1,472</u>	<u>2,152</u>	<u>-</u>	<u>3,624</u>	<u>94</u>	<u>511</u>	<u>605</u>	<u>4,229</u>
Total Expenses By Function	<u>\$ 325,610</u>	<u>\$ 321,280</u>	<u>\$ 7,398</u>	<u>\$ 654,288</u>	<u>\$ 16,117</u>	<u>\$ 123,115</u>	<u>\$ 139,232</u>	<u>\$ 793,520</u>
Percent of Total Expenses	<u>41.0%</u>	<u>40.5%</u>	<u>1.0%</u>	<u>82.5%</u>	<u>2.0%</u>	<u>15.5%</u>	<u>17.5%</u>	<u>100.0%</u>

See accompanying notes to financial statements

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from grants	\$577,906	\$414,251
Received from United Way allocation	111,195	87,509
Received from contributions	428,403	340,153
Received from membership dues	2,000	1,000
Received from interest	4,577	706
Other receipts	8,378	14,256
Merchandise sales	3,555	3,179
Paid to employees and suppliers	<u>(811,298)</u>	<u>(748,021)</u>
Net Change in Cash and Cash Equivalents from Operating Activities	 <u>324,716</u>	 <u>113,033</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Paid to purchase investments	(151,782)	(18,418)
Paid to purchase equipment	<u>(11,974)</u>	<u>(7,845)</u>
Net Change in Cash and Cash Equivalents from Investing Activities	 <u>(163,756)</u>	 <u>(26,263)</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS		
	160,960	86,770
 CASH AND CASH EQUIVALENTS, Beginning of year		
	<u>251,806</u>	<u>165,036</u>
 CASH AND CASH EQUIVALENTS, End of year		
	<u>\$412,766</u>	<u>\$251,806</u>
 RECONCILIATION OF CHANGES IN NET ASSETS TO NET CHANGE IN CASH AND CASH EQUIVALENTS FROM OPERATING ACTIVITIES		
Change in net assets	\$329,161	\$114,775
Adjustments to reconcile change in net assets to net change in cash and cash equivalents from operating activities:		
Depreciation	11,739	7,056
Donated materials	(710)	(565)
Unrealized (gain) loss on investments	237	(514)
(Increase) decrease in assets:		
Grants receivable	(127,995)	5,000
United Way allocation	(50,000)	(26,695)
Other receivables	1,580	8,337
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	<u>165,281</u>	<u>5,639</u>
Net Change in Cash and Cash Equivalents from Operating Activities	 <u>\$329,293</u>	 <u>\$113,033</u>

See accompanying notes to financial statements

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

Foster Care Coalition of Greater St. Louis, Inc. d/b/a Foster and Adoptive Care Coalition (the "Coalition") is a not-for-profit corporation established in 1985 by representatives of St. Louis foster care agencies to create permanency in every foster child's life by recruiting and supporting foster and adoptive homes. The Coalition works to achieve its mission through programs directed toward recruitment, retention and advocacy.

Financial Statement Presentation

The financial statements report amounts by classes of net assets, as follows:

Unrestricted Net Assets – are those which have no donor restrictions and are currently available for use by the Coalition.

Temporarily Restricted Net Assets – are those received with donor stipulations that limit the use of the donated assets. When stipulated time restrictions expire or purpose restrictions are accomplished, these assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – are those contributed with donor stipulations that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes. There are no permanently restricted net assets as of December 31, 2007 and 2006.

Use of Estimates

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

Concentration of Credit Risk

The Coalition generates receivables and revenues from grant agencies in the normal course of business. The organizations are located throughout the St. Louis metropolitan area. The Coalition does not require collateral to secure receivables from these agencies.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand and short term investments that can be converted into cash within three months or less from time of purchase, including certificates of deposit and money market funds.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Cash and Cash Equivalents (Continued)

The Coalition had cash deposits and short-term investments in financial institutions of approximately \$324,865 and \$160,000 in excess of federally insured limits as of December 31, 2007 and 2006, respectively. The Coalition has not incurred any loss resulting from these excess cash balances during the period under audit and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Contributions Receivable and Grants Receivable

Contributions receivable and grants receivable are carried net of allowance for doubtful accounts. The allowance for doubtful accounts is increased by provisions charged to expense and reduced by accounts charged off, net of recoveries. The allowance is maintained at a level considered adequate to provide for potential account losses based on management's evaluation of the anticipated impact on the balance of current economic conditions, changes in the character and size of the balance, past and expected future loss experience and other pertinent factors. No allowance was deemed necessary as of December 31, 2007 and 2006.

Contributions and Grants

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Coalition reports gifts of cash, grants and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions and grants are recorded in the temporarily restricted class for restrictions expiring during the year, and then transferred to the unrestricted class.

Inventories

Inventories, which are sold at the Coalition's KidStore facility, consist of donated clothing items and are valued at resale price.

Investments

Investments consist of certificates of deposit and various donated common stocks and are carried at fair value. The cost of investments approximates fair market value. Realized and unrealized gains and losses relating to investments are immaterial to the financial statements at December 31, 2007 and 2006.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Office Equipment

Office equipment is stated at cost less accumulated depreciation. Depreciation of office equipment is provided using the straight-line method over three years.

Revenue Recognition

Grant and contribution revenues are recognized when the amount is awarded by the donor. The Coalition recognizes membership fees over the membership period. Other revenue is recognized as services are performed.

Income Taxes

The Coalition is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

In-Kind Services (Donated Services and Facilities)

The Coalition receives in-kind support from the state of Missouri in the form of postage, supplies, telephone service, and office space located in the Wainwright Building in downtown St. Louis. These services, with an estimated value of \$10,722 and \$32,804 for the years ended December 31, 2007 and 2006, respectively, are reflected as revenues and expenses. (See also Note D.) In addition, the Coalition received donated inventory, which was reflected as revenue during the years ended December 31, 2007 and 2006.

The Coalition also receives in-kind advertising for A Place to Call Home, Little Wishes, and other programs from KSDK Television Station. Since the Coalition was not provided information from the donor, it is unable to record the value of this donated service.

The Coalition also receives assistance from volunteers donating their time for education and other programs. Since donated time for these types of volunteer services is undeterminable, the Coalition is unable to record the value of these donated services.

Functional Expenses

Functional expenses have been allocated between program services and supporting services based primarily on an analysis of personnel time. In addition, other costs are directly and indirectly allocated among the programs and supporting services benefited based on management's estimates.

Financial Instruments

The carrying amount of accounts receivable, accounts payable and accrued expenses approximates fair value due to the short-term maturities of these instruments.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Significant Donors

The Coalition received \$384,075 and \$372,460 (or approximately 30% and 40% of its support) for the years ended December 31, 2007 and 2006, respectively, from two donors, Deaconess Foundation and the United Way of Greater St. Louis.

B. **GRANTS**

During the years ended December 31, 2007 and 2006, the Coalition received grants and had grants receivable balances at December 31, 2007 and 2006 from the following organizations:

	<u>December 31, 2007</u>		<u>December 31, 2006</u>	
	<u>Grants</u>	<u>Grants</u>	<u>Grants</u>	<u>Grants</u>
	<u>Receivable</u>	<u>Revenue</u>	<u>Receivable</u>	<u>Revenue</u>
Unrestricted				
Area Resources for Community and Human Services	\$ 34,545	\$ 70,090	\$ -	\$ -
Catholic Charities	-	25,000	-	-
Dana Brown Charitable Trust	-	50,000	-	-
Daughters of Charity	-	25,000	-	25,000
Dave Thomas Foundation	-	59,804	-	-
Gannett Foundation	-	7,500	-	7,500
Incarinate Word Foundation	-	8,000	-	7,000
National Foster Parent Association	-	15,000	-	-
Olive Dempsey Charitable Trust	-	10,000	-	10,000
Pott Foundation	-	5,000	-	-
Roblee Foundation	-	15,000	-	10,000
Sigma Aldrich	-	5,000	-	-
Stupp Foundation	-	17,500	-	10,000
Trio Foundation	-	-	-	8,000
Other	-	7,000	-	24,000
	<u>34,545</u>	<u>319,894</u>	<u>-</u>	<u>101,500</u>
Temporarily Restricted				
Citigroup	-	7,347	-	14,069
Dave Thomas Foundation	93,450	123,900	-	-
Deaconess Foundation	-	222,880	-	258,256
Little Wishes	-	11,880	-	20,426
Illinois Department of Child and Family Services	<u>5,000</u>	<u>20,000</u>	<u>5,000</u>	<u>15,000</u>
	<u>98,450</u>	<u>386,007</u>	<u>5,000</u>	<u>307,751</u>
Total	<u>\$132,995</u>	<u>\$705,901</u>	<u>\$5,000</u>	<u>\$409,251</u>

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006
(Continued)

C. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, were derived from the following sources and are available for the following purposes:

	Year Ended December 31, 2007			
	Beginning Balance	Public Support & Revenue	Net Assets Released from Restrictions	Ending Balance
Program				
United Way	\$111,195	\$161,195	(\$111,195)	\$161,195
Illinois Department of Children and Family Services	10,000	20,000	(20,000)	10,000
Citigroup Financial Literacy Program	7,794	-	(7,794)	-
Dave Thomas Foundation		123,900	(33,646)	90,254
Deaconess Capacity Impact Partnership	-	222,880	(222,880)	-
Little Wishes	74,674	280,206	(338,978)	15,902
100 Neediest Cases	-	32,911	(32,911)	-
Total	<u>\$203,663</u>	<u>\$841,092</u>	<u>(\$767,404)</u>	<u>\$277,351</u>

	Year Ended December 31, 2006			
	Beginning Balance	Public Support & Revenue	Net Assets Released from Restrictions	Ending Balance
Program				
United Way	\$ 84,500	\$111,195	(\$ 84,500)	\$111,195
Illinois Department of Children and Family Services	10,000	15,000	(15,000)	10,000
Citigroup Financial Literacy Program	-	14,069	(6,275)	7,794
Deaconess Capacity Impact Partnership	-	266,256	(266,256)	-
Little Wishes	35,549	242,886	(203,761)	74,674
100 Neediest Cases	12,625	-	(12,625)	-
Total	<u>\$142,674</u>	<u>\$649,406</u>	<u>(\$588,417)</u>	<u>\$203,663</u>

During 2006, the Coalition changed its method of accounting for 100 Neediest Cases from recording revenues and expenses to treating the monies as a custodial or agency fund. The Coalition believes the agency fund method more closely reflects the pass-through objective of donor funds and thereby reflects a more realistic picture of the Coalition's financial activities and position. The change had no material effect on prior years and, as such, no restatement is necessary.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006
(Continued)

D. LEASE COMMITMENTS

The Coalition has a lease with the State of Missouri. The term of the lease, which has a rate of \$1,290 per month, is from July 1, 2007 through June 30, 2008. The lease automatically renews but both parties can cancel the lease with a 60 day notice.

The Coalition also has an oral agreement with a Church for space for the KidStore facility. Payments are \$200 per month and rent expense was \$2,400 for the year ended December 31, 2007.