

**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, 2006 AND 2005**

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, 2006, and the related statements of activities, functional expenses and cash flows for the year 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 audit. The financial statements of Foster Care Coalition of Greater St. Louis, Inc. d/b/a Foster and Adoptive Care Coalition as of December 31, 2005, were audited by other auditors whose report dated May 17, 2006, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 Foster Care Coalition of Greater St. Louis, Inc. d/b/a Foster and Adoptive Care Coalition as of December 31, 2006, 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.

Schmersahl Treloar & Co., PC

June 28, 2007

FINANCIAL STATEMENTS

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

	December 31,	
	2006	2005
ASSETS		
ASSETS		
Cash and cash equivalents	\$251,806	\$165,036
Accounts receivable		
Grants	5,000	10,000
United Way	111,195	84,500
Other	1,580	9,917
Inventories	4,303	3,738
Investments	21,765	2,833
Office equipment, net of accumulated depreciation of \$20,174 and \$13,118, respectively.	13,938	13,149
TOTAL ASSETS	\$409,587	\$289,173
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 33,524	\$ 27,885
NET ASSETS		
Unrestricted	172,400	118,614
Temporarily restricted	203,663	142,674
Total Net Assets	376,063	261,288
TOTAL LIABILITIES AND NET ASSETS	\$409,587	\$289,173

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, 2006		
	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Grants	\$101,500	\$307,751	\$409,251
United Way allocation	3,009	111,195	114,204
Contributions	101,356	230,460	331,816
Return on investment	1,220	-	1,220
In-kind services and donated materials	33,369	-	33,369
Membership fees	1,000	-	1,000
Other income	14,256	-	14,256
Merchandise sales	3,179	-	3,179
	<u>258,889</u>	<u>649,406</u>	<u>908,295</u>
Net assets released from restrictions	588,417	(588,417)	-
Total Public Support and Revenue	<u>847,306</u>	<u>60,989</u>	<u>908,295</u>
EXPENSES			
Program Services			
Recruitment	325,610	-	325,610
Retention	321,280	-	321,280
Advocacy	7,398	-	7,398
Total Program Services	<u>654,288</u>	<u>-</u>	<u>654,288</u>
Supporting Services			
Management and general	16,117	-	16,117
Fundraising	123,115	-	123,115
Total Supporting Services	<u>139,232</u>	<u>-</u>	<u>139,232</u>
Total Expenses	<u>793,520</u>	<u>-</u>	<u>793,520</u>
CHANGE IN NET ASSETS	53,786	60,989	114,775
NET ASSETS, Beginning of year	<u>118,614</u>	<u>142,674</u>	<u>261,288</u>
NET ASSETS, End of year	<u>\$172,400</u>	<u>\$203,663</u>	<u>\$376,063</u>

See accompanying notes to financial statements

Year Ended December 31, 2005

Unrestricted	Temporarily Restricted	Total
\$ 91,190	\$305,947	\$397,137
65,024	84,500	149,524
185,835	59,444	245,279
(224)	-	(224)
34,938	-	34,938
2,500	-	2,500
5,985	-	5,985
3,818	-	3,818
<hr/>		
389,066	449,891	838,957
352,064	(352,064)	-
<hr/>		
741,130	97,827	838,957
<hr/>		
289,666	-	289,666
279,464	-	279,464
9,576	-	9,576
<hr/>		
578,706	-	578,706
<hr/>		
14,340	-	14,340
112,482	-	112,482
<hr/>		
126,822	-	126,822
<hr/>		
705,528	-	705,528
<hr/>		
35,602	97,827	133,429
<hr/>		
83,012	44,847	127,859
<hr/>		
<u>\$118,614</u>	<u>\$142,674</u>	<u>\$261,288</u>

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		
	Recruitment	Retention	Advocacy	Management and Fund-Raising		Total
				General	Raising	
Salaries and wages	\$148,783	\$128,579	\$5,497	\$11,504	\$ 69,677	\$ 81,181
Payroll taxes	12,282	10,614	454	950	5,752	6,702
Employee benefits	11,024	9,527	407	852	5,163	6,015
Total Salaries and Related Expenses	172,089	148,720	6,358	13,306	80,592	93,898
Conferences and meetings	3,836	13,492	-	-	3,443	3,443
Insurance	1,488	1,286	55	115	697	812
Membership dues	-	475	-	-	-	475
Occupancy, including depreciation	5,253	7,739	194	406	2,460	2,866
Postage and shipping	8,818	7,574	324	678	4,211	4,889
Printing and publications	8,360	7,104	90	-	4,951	4,951
Professional fees	26,078	35,311	202	1,152	14,637	15,789
Specific assistance to individuals						
Little Wishes	18,965	17,069	-	-	1,897	1,897
Holiday Wishes	69,581	62,623	-	-	6,958	6,958
Supplies	6,009	14,094	54	115	1,229	1,344
Telephone	3,661	3,641	121	251	1,529	1,780
Travel	1,472	2,152	-	94	511	605
Total Expenses By Function	\$325,610	\$321,280	\$7,398	\$16,117	\$123,115	\$139,232
Percent of Total Expenses	41.0%	40.5%	1.0%	2.0%	15.5%	17.5%

See accompanying notes to financial statements
(4)

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2005

	Program Services			Supporting Services		
	Recruitment	Retention	Advocacy	Management and Fund-Raising		Total
				General	Total	
Salaries and wages	\$116,213	\$103,406	\$7,355	\$ 9,547	\$ 51,919	\$288,440
Payroll taxes	9,254	8,234	586	760	4,134	22,968
Employee benefits	8,410	7,483	532	691	3,757	20,873
Total Salaries and Related Expenses	133,877	119,123	8,473	10,998	59,810	332,281
Conferences and meetings	3,510	10,301	-	56	613	14,480
Insurance	2,128	1,893	-	174	950	5,145
Membership dues	95	85	-	-	-	180
Occupancy, including depreciation	5,057	6,849	121	415	2,259	14,701
Postage and shipping	8,705	7,715	547	710	3,950	21,627
Printing and publications	13,118	11,397	-	-	5,357	29,872
Professional fees	34,235	39,468	223	1,629	35,484	111,039
Specific assistance to individuals						
Little Wishes	9,169	8,131	-	-	-	17,300
Holiday Wishes	54,369	48,213	-	-	-	102,582
100 Neediest Cases – United Way	14,450	12,814	-	-	-	27,264
Supplies	6,634	9,059	53	120	2,736	18,602
Telephone	2,880	2,838	159	207	1,123	7,207
Travel	1,439	1,578	-	31	200	3,248
Total Expenses By Function	\$289,666	\$279,464	\$9,576	\$14,340	\$112,482	\$705,528
Percent of Total Expenses	41.1%	39.6%	1.4%	2.0%	15.9%	100.0%

See accompanying notes to financial statements
(5)

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

	Years Ended December 31,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from grants	\$414,251	\$407,137
Received from United Way allocation	87,509	65,024
Received from contributions	340,153	238,362
Received from membership dues	1,000	2,500
Received from interest	706	-
Other receipts	14,256	5,985
Merchandise sales	3,179	3,818
Paid to employees and suppliers	(748,021)	(642,172)
	113,033	80,654
CASH FLOWS FROM INVESTING ACTIVITIES		
Paid to purchase investments	(18,418)	-
Paid to purchase equipment	(7,845)	-
	(26,263)	-
NET CHANGE IN CASH AND CASH EQUIVALENTS		
	86,770	80,654
CASH AND CASH EQUIVALENTS, Beginning of year		
	165,036	84,382
CASH AND CASH EQUIVALENTS, End of year		
	\$251,806	\$165,036
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CHANGE IN CASH AND CASH EQUIVALENTS FROM OPERATING ACTIVITIES		
Change in net assets	\$114,775	\$133,429
Adjustments to reconcile change in net assets to net change in cash and cash equivalents from operating activities:		
Depreciation	7,056	7,615
Donated materials	(565)	(438)
Unrealized (gain) loss on investments	(514)	224
(Increase) decrease in assets:		
Grants receivable	5,000	10,000
United Way allocation	(26,695)	(84,500)
Other receivables	8,337	(6,917)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	5,639	21,241
	\$113,033	\$ 80,654

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, 2006 and 2005

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, 2006 and 2005.

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 in three months, 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, 2006 and 2005
(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 \$160,000 in excess of federally insured limits as of December 31, 2006. 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, 2006 and 2005.

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.

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.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005
(Continued)

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

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 \$32,804 and \$34,938 for the years ended December 31, 2006 and 2005, 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, 2006 and 2005.

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, 2006 and 2005
(Continued)

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

Significant Donors

The Coalition received \$372,460 and \$328,557 (or approximately 40% of its support) for the years ended December 31, 2006 and 2005, respectively, from two donors, Deaconess Foundation and the United Way of Greater St. Louis.

B. **GRANTS**

During the years ended December 31, 2006 and 2005, the Coalition received grants and had grants receivable balances at December 31, 2006 and 2005 from the following organizations:

	<u>December 31, 2006</u>		<u>December 31, 2005</u>	
	<u>Grants Receivable</u>	<u>Grants Revenue</u>	<u>Grants Receivable</u>	<u>Grants Revenue</u>
Unrestricted				
Dana Brown Charitable Trust	\$ -	\$ -	\$ -	\$ 25,000
Daughters of Charity	-	25,000	-	25,000
Gannett Foundation	-	7,500	-	7,500
Incarnate Word Foundation	-	7,000	-	-
Kemper Foundation	-	-	-	7,500
Olive Dempsey Charitable Trust	-	10,000	-	10,000
Roblee Foundation	-	10,000	-	-
Stupp Foundation	-	10,000	-	-
Trio Foundation	-	8,000	-	10,000
Other	-	24,000	-	6,190
	<u>-</u>	<u>101,500</u>	<u>-</u>	<u>91,190</u>
Temporarily Restricted				
Citigroup	-	14,069	-	-
Deaconess Foundation	-	258,256	-	263,533
Little Wishes	-	20,426	-	17,414
Illinois Department of Child and Family Services	<u>5,000</u>	<u>15,000</u>	<u>10,000</u>	<u>25,000</u>
	<u>5,000</u>	<u>307,751</u>	<u>10,000</u>	<u>305,947</u>
Total	<u>\$5,000</u>	<u>\$409,251</u>	<u>\$10,000</u>	<u>\$397,137</u>

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005
(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:

Program	Year Ended December 31, 2006			
	Beginning Balance	Public Support & Revenue	Net Assets Released from Restrictions	Ending Balance
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	\$142,674	\$649,406	(\$588,417)	\$203,663

Program	Year Ended December 31, 2005			
	Beginning Balance	Public Support & Revenue	Net Assets Released from Restrictions	Ending Balance
United Way	\$ -	\$ 84,500	\$ -	\$ 84,500
Illinois Department of Children and Family Services	5,000	25,000	(20,000)	10,000
Deaconess Capacity Impact Partnership	32,767	263,533	(296,300)	-
Little Wishes	7,080	36,969	(8,500)	35,549
100 Neediest Cases	-	39,889	(27,264)	12,625
Total	\$ 44,847	\$449,891	(\$352,064)	\$142,674

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, 2006 and 2005
(Continued)

D. LEASE COMMITMENTS

Effective December 1, 2006, the Coalition leases its office facilities from the State of Missouri under an initial term of seven months. Lease payments are \$925 per month and the agreement contains four one-year renewal options. Rent expense was \$925 in 2006. Prior to December 2006, the Coalition received in-kind office space from the State of Missouri (See Note A).

Subsequent to year end, the Coalition signed a new lease with the State of Missouri. The term of the lease, which increased the rate to \$1,290 per month, is from July 1, 2007 through June 30, 2008. Future minimum lease payments are as follows:

2007	\$13,290
2008	\$ 7,740

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, 2006.