

FOSTERCLUB, INC.
FINANCIAL STATEMENTS
Year Ended December 31, 2008

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KERN & THOMPSON, LLC

Certified Public Accountants

ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors
FosterClub, Inc.
Seaside, Oregon

We have compiled the accompanying statement of financial position of FosterClub, Inc. (a not-for-profit organization) as of December 31, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. The prior year summarized comparative information has been derived from the Organization's 2007 financial statements and, in our compilation report dated August 11, 2008, we stated that we did not audit or review those financial statements, and accordingly, expressed no opinion or any other form of assurance on them.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Kern & Thompson, LLC

Portland, Oregon
April 6, 2009

FOSTERCLUB, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2008

(With Comparative Totals as of December 31, 2007)

ASSETS

	2008	2007
Cash and cash equivalents	\$ 13,534	\$ 220,812
Accounts receivable	20,506	34,086
Grants receivable	83,000	-
Property and equipment - net	9,600	9,600
Total assets	\$ 126,640	\$ 264,498

LIABILITIES AND NET ASSETS

Payroll taxes payable	\$ -	\$ 5,189
Contract payable	-	9,840
Total liabilities	-	15,029
Net assets		
Unrestricted		
Available for operations	34,040	188,601
Investment in property and equipment	9,600	9,600
	43,640	198,201
Temporarily restricted	83,000	51,268
Total net assets	126,640	249,469
Total liabilities and net assets	\$ 126,640	\$ 264,498

See accountants' compilation report and
notes to financial statements.

FOSTERCLUB, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2008

(With Comparative Totals for the Year Ended December 31, 2007)

	Unrestricted	Temporarily Restricted	Total	
			2008	2007
Revenues and other support				
Government grants and contracts	\$ 258,927	\$ -	\$ 258,927	\$ 271,817
Grants and foundation support	25,641	270,000	295,641	566,949
Contributions	2,490	-	2,490	421
Product sales revenue	47,833	-	47,833	30,761
In-kind donations	8,001	-	8,001	-
	<u>342,892</u>	<u>270,000</u>	<u>612,892</u>	<u>869,948</u>
Released from restriction	238,268	(238,268)	-	-
	<u>581,160</u>	<u>31,732</u>	<u>612,892</u>	<u>869,948</u>
Expenses				
Program services	688,154	-	688,154	625,672
Supporting services				
Management and general	41,227	-	41,227	18,863
Fund-raising	6,340	-	6,340	2,183
Total expenses	<u>735,721</u>	<u>-</u>	<u>735,721</u>	<u>646,718</u>
Change in net assets	(154,561)	31,732	(122,829)	223,230
Net assets, beginning of year	<u>198,201</u>	<u>51,268</u>	<u>249,469</u>	<u>23,239</u>
Net assets, end of year	\$ <u>43,640</u>	\$ <u>83,000</u>	\$ <u>126,640</u>	\$ <u>246,469</u>

See accountants' compilation report and
notes to financial statements.

FOSTERCLUB, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2008

(With Comparative Totals for the Year Ended December 31, 2007)

	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>		<u>Total</u>	
		<u>Management and General</u>	<u>Fund- Raising</u>	<u>2008</u>	<u>2007</u>
Salaries and wages	\$ 196,961	\$ 22,382	\$ 4,476	\$ 223,819	\$ 88,557
Payroll taxes	13,251	1,506	301	15,058	9,741
Travel	229,592	-	-	229,592	205,614
Consultant	43,691	-	-	43,691	85,654
Occupancy	33,809	3,756	-	37,565	8,179
Youth stipends	7,626	-	-	7,626	80,028
Conferences, conventions and meetings	25,451	-	-	25,451	38,187
Supplies	43,071	84	1,507	44,662	63,367
Inventory	10,815	-	-	10,815	4,614
Telephone	15,080	-	-	15,080	11,132
Postage and shipping	5,929	-	-	5,929	3,675
Insurance	600	6,472	-	7,072	4,861
Legal fees	-	314	-	314	1,350
Banking fees	-	103	-	103	179
Website	32,962	-	-	32,962	20,579
Accounting services	-	6,274	-	6,274	2,858
Printing and publications	23,361	-	-	23,361	10,612
Miscellaneous	2,584	336	56	2,976	4,815
Specific assistance	171	-	-	171	316
Depreciation	3,200	-	-	3,200	2,400
	<u>\$ 688,154</u>	<u>\$ 41,227</u>	<u>\$ 6,340</u>	<u>\$ 735,721</u>	<u>\$ 646,718</u>

See accountants' compilation report and
notes to financial statements.

FOSTERCLUB, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2008

(With Comparative Totals for the Year Ended December 31, 2007)

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ (122,829)	\$ 223,230
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,200	2,400
Changes in assets and liabilities:		
Accounts receivable	13,580	(19,976)
Grants receivable	(83,000)	-
Contract payable	(9,840)	9,840
Payroll taxes payable	(5,189)	5,189
Net cash provided by operating activities	<u>(204,078)</u>	<u>220,683</u>
Cash flows from financing activities:		
Purchase of equipment	<u>(3,200)</u>	<u>(12,000)</u>
Net change in cash	(207,278)	208,683
Cash and cash equivalents, beginning of year	<u>220,812</u>	<u>12,129</u>
Cash and cash equivalents, end of year	\$ <u>13,534</u>	\$ <u>220,812</u>

See accountants' compilation report and notes to financial statements.

FOSTERCLUB, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE A – DESCRIPTION OF ORGANIZATION

FosterClub, Inc. (the Organization) is the national network for young people in foster care. Every two minutes a child's life changes as they enter the foster care system. There are more than 513,000 young people living in foster care across the country, and FosterClub, Inc. is their club. Founded in 1999 by a foster parent who saw a void in the system, the Organization was created as a place to turn to for advice, information and hope. Programs include:

- **Websites** – On www.fosterclub.com, kids and youth transitioning from care are asking questions and getting answers. The Organization's primary communication vehicle, this site is a hub of information relating to foster care, including articles, message boards, contests and stories. It's a resource available to youth 24 hours a day, seven days a week.
- **Publications** – FosterClub, Inc.'s publications inform, empower and provide youth tools for success. The unique offering of books, toolkits and posters are developed specifically for and written in collaboration with foster youth.
- **Training and Events** – The Organization's trainings and events are held across the country and feature the FosterClub All-Stars, a dynamic group of foster care alumni. Teaching through their life experiences, the All-Stars facilitate success and are often life-changing experiences for the participants. The FosterClub All-Stars and staff travel the nation frequently holding meetings, conferences and events with youth in foster care and the adult groups who support them.
- **Outreach** – Designed to engage and inspire, FosterClub's outreach tools give child welfare professionals an edge in effectively communicating with youth in a media-saturated world.
- **Young Leaders** – Young people with first-hand knowledge of the system is the foundation of Foster Club. Our programs provide opportunities for resilient young people determined to be successful, improve the odds for others coming up through the system, and provide a youth voice in helping to change the face of foster care.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Classifications of net assets and support are based on the existence or absence of donor imposed restrictions.

FOSTERCLUB, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2008

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Expenses are reported as a decrease in unrestricted net assets. Gains and losses are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Basis of Accounting

FosterClub, Inc. prepares its financial statements on the accrual basis of accounting; consequently, certain revenues are reflected in the accounts in the period in which they are considered earned, rather than received, and expenses are recorded when incurred, rather than when paid. Assets and liabilities are presented on the basis of historical cost rather than estimated current values and amounts.

Estimates

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

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and receivables.

The Organization places its cash with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Amounts in excess of FDIC coverage are not insured.

Accounts receivable consist primarily of unsecured billings to other organizations for training events and conferences. Management has not experienced any losses on these accounts and has determined that an allowance for doubtful accounts was not necessary as of December 31, 2008. There were no accounts receivable older than 90 days as of December 31, 2008.

FOSTERCLUB, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2008

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of these financial statements, all short-term, highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

Income Taxes

The Organization operates as a nonprofit corporation and has received tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

Property and Equipment

Property and equipment consists of vehicles utilized for events and youth programs. Acquisitions in excess of \$500 are capitalized. Capitalized furniture and equipment are recorded at cost if purchased or at fair market value at the date received as a donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from three to five years for furnishings and equipment. Expenditures for maintenance and repairs are charged to expense as incurred.

Allocation of Functional Expenses

The cost of providing the various programs and other activities has been summarized in the Statement of Activities. Certain costs, including salaries and administrative operating expenses, have been allocated among the programs and supporting services benefited.

Prior Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Vans	\$ 15,200
Less depreciation	<u>(5,600)</u>
	<u>\$ 9,600</u>

FOSTERCLUB, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2008

NOTE D – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2008 consist of a grant restricted for timing from a foundation totaling \$83,000.

NOTE E – IN-KIND CONTRIBUTIONS

The Organization received in-kind contributions of materials and some services that were recorded at the estimated value provided by the donors. The contributions were an essential part of the Organization's activities. The in-kind contributions are summarized as follows:

Conferences, conventions and meetings	\$ 2,925
Supplies	3,569
Fund-raising supplies	<u>1,507</u>
	<u>\$ 8,001</u>

NOTE F – RELATED PARTY TRANSACTIONS

The Organization paid Meagan Tuhy, a Board member of the Organization, the amount of \$18,000 in rent for property she owns with her husband for the year ended December 31, 2008. The building is a duplex that is used as a residence for program participants. It was leased for that purpose on May 1, 2008. The Organization pays \$2,000 per month on a year-to-year lease.

The Organization also leases office space on a month-to-month basis from Ms. Tuhy. Office rent expense for the years ended December 31, 2008 and 2007 amounted to \$5,400 each year.