

**MIDWEST FOSTER CARE AND
ADOPTION ASSOCIATION, INC.**

FINANCIAL STATEMENTS

December 31, 2008 and 2007

IFFT & CO. PA

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Midwest Foster Care and Adoption Association, Inc.
Independence, Missouri

We have audited the accompanying statements of financial position of Midwest Foster Care and Adoption Association, Inc. (a nonprofit organization) as of December 31, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Association'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 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 that 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 Midwest Foster Care and Adoption Association, Inc. as of December 31, 2008 and 2007, 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.

Ifft & Co. PA

November 20, 2009

MIDWEST FOSTER CARE AND ADOPTION ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2008 and 2007

ASSETS		
	<u>2008</u>	<u>2007</u>
Cash	\$ 5,552	37,849
Funds held by Truman Heartland Community Foundation	2,068	1,359
Prepaid expenses	3,900	3,900
Inventory	6,378	7,799
Property and equipment, net	<u>5,179</u>	<u>8,867</u>
TOTAL ASSETS	<u>\$ 23,077</u>	<u>59,774</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 15,316	9,000
Payroll withholdings	<u>12,230</u>	<u>12,305</u>
TOTAL LIABILITIES	27,546	21,305
NET ASSETS		
Unrestricted	(51,130)	(33,443)
Temporarily restricted	<u>46,661</u>	<u>71,912</u>
TOTAL NET ASSETS	<u>(4,469)</u>	<u>38,469</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 23,077</u>	<u>59,774</u>

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

MIDWEST FOSTER CARE AND ADOPTION ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
UNRESTRICTED NET ASSETS		
Support and revenues		
Contributions and grants	\$ 208,409	150,007
Post-adoptive services contract	147,000	73,500
Conference fees	16,071	34,116
Special events	33,824	22,980
Interest income	-	80
Placement and Parent Aide income	11,628	18,647
Licensing income	10,800	-
Gain on disposal of property and equipment	500	-
Other	<u>4,866</u>	<u>2,542</u>
	433,098	301,872
Net assets released from restrictions	<u>46,458</u>	<u>28,462</u>
	479,556	330,334
Expenses		
Program	338,308	311,874
Administrative	58,846	45,856
Fundraising	<u>100,089</u>	<u>77,551</u>
	<u>497,243</u>	<u>435,281</u>
CHANGE IN UNRESTRICTED NET ASSETS	(17,687)	(104,947)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions and grants	21,207	55,496
Net assets released from restrictions	<u>(46,458)</u>	<u>(28,462)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(25,251)</u>	<u>27,034</u>
CHANGE IN NET ASSETS	(42,938)	(77,913)
NET ASSETS, BEGINNING OF YEAR	<u>38,469</u>	<u>116,382</u>
NET ASSETS, END OF YEAR	<u>\$ (4,469)</u>	<u>38,469</u>

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

MIDWEST FOSTER CARE AND ADOPTION ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2008 and 2007

	2008			2007				
	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 157,710	34,999	67,939	260,648	128,267	28,465	55,255	211,987
Payroll taxes	9,610	3,267	6,343	19,220	7,681	2,611	5,070	15,362
Other personnel costs	8,217	2,824	5,392	16,433	1,197	411	785	2,393
Communications	1,419	-	-	1,419	2,352	-	-	2,352
Conference room rental	2,356	-	-	2,356	7,732	-	-	7,732
Contracted services	27,269	1,893	1,893	31,055	7,345	920	920	9,185
Depreciation	-	3,688	-	3,688	-	1,875	-	1,875
Dues and subscriptions	786	100	100	986	673	85	85	843
Insurance	7,178	897	897	8,972	4,229	529	529	5,287
Inventory write off	-	-	-	-	35,206	-	-	35,206
Lodging	5,310	-	-	5,310	18,199	-	-	18,199
Meals and entertainment	6,567	-	-	6,567	1,860	-	-	1,860
Miscellaneous	5,329	667	667	6,663	2,708	339	339	3,386
Office expenses	3,459	432	432	4,323	7,176	897	897	8,970
Playground	10,000	-	-	10,000	-	-	-	-
Postage and delivery	1,363	-	341	1,704	4,011	-	1,002	5,013
Printing	7,408	-	2,778	10,186	4,288	-	1,607	5,895
Professional services	14,180	1,772	1,772	17,724	10,672	1,334	1,334	13,340
Repairs and maintenance	-	-	-	-	535	67	67	669
Rent	51,935	6,492	6,492	64,919	42,876	5,359	5,359	53,594
Special events	-	-	1,774	1,774	-	-	819	819
Supplies	14,533	1,815	1,815	18,163	23,728	2,964	2,964	29,656
Telephone	2,701	-	1,454	4,155	963	-	519	1,482
Travel	978	-	-	978	176	-	-	176
Total expenses	\$ 338,308	58,846	100,089	497,243	311,874	45,856	77,551	435,281

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

MIDWEST FOSTER CARE AND ADOPTION ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (42,938)	(77,913)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	3,688	1,875
Gain on disposal of property and equipment	(500)	-
Inventory write off	-	35,206
Changes in operating assets and liabilities		
Prepaid expenses	-	551
Inventory	1,421	-
Accounts payable	6,316	(26,124)
Payroll withholdings	<u>(75)</u>	<u>4,157</u>
NET CASH USED IN OPERATING ACTIVITIES	(32,088)	(62,248)
CASH FLOWS FROM INVESTING ACTIVITIES		
Funds held by Truman Heartland Community Foundation	(709)	169
Proceeds from disposal of property and equipment	500	-
Purchases of office equipment	<u>-</u>	<u>(7,738)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(209)</u>	<u>(7,569)</u>
CHANGE IN CASH	(32,297)	(69,817)
CASH, BEGINNING OF YEAR	<u>37,849</u>	<u>107,666</u>
CASH, END OF YEAR	<u>\$ 5,552</u>	<u>37,849</u>

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

MIDWEST FOSTER CARE AND ADOPTION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Midwest Foster Care and Adoption Association, Inc. (the Association), a nonprofit organization, was organized with the purpose of providing foster and adoptive children the opportunity of a stable, caring, and nurturing family environment by recruiting, training, supporting, and providing personal advocacy for foster and adoptive parents.

Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Association reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Association has no permanently restricted net assets.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the fair value at the date of donation. Major improvements are capitalized, and maintenance and repairs that do not improve or extend the life of the respective assets are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Inventory

The Association receives gifts-in-kind of inventory for a clothing bank. The inventory balance at December 31, 2008 and 2007 was \$6,378 and \$7,799, respectively.

MIDWEST FOSTER CARE AND ADOPTION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accrual for Compensated Absences

At December 31, 2008 and 2007, the Association did not have a policy regarding compensated absences. Thus, the amount of future compensated absences could not be reasonably determined, and no accrual for compensated absences was recorded.

Donated Services

Donated services are recognized when the Association would typically purchase such services if they require specialized skills and the contributor possesses such skills. No such services were received during the years ended December 31, 2008 or 2007.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of functional expenses. Directly identifiable expenses are charged to the programs and supporting services to which they relate. Expenses related to more than one function are allocated to programs and supporting services, primarily based on staffing levels. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Association.

Income Taxes

No provision for income taxes has been recorded, as the Association is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MIDWEST FOSTER CARE AND ADOPTION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 2 - FUNDS HELD BY TRUMAN HEARTLAND COMMUNITY FOUNDATION

The Association has an operating reserve fund at Truman Heartland Community Foundation (THCF). Disbursements can be made, with board approval, and upon approval by THCF management.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Computer equipment and software	\$ 18,907	18,907
Vehicles	-	12,500
Furniture and fixtures	<u>19,414</u>	<u>19,414</u>
	38,321	50,821
Less accumulated depreciation	<u>33,142</u>	<u>41,954</u>
	<u>\$ 5,179</u>	<u>8,867</u>

NOTE 4 - LEASES

The Association operates under an office lease that is to be automatically renewed each year. The Association also leases certain office equipment under operating leases that expire at various dates through January 2011. Rent expense was \$64,919 and \$53,594 during the years ended December 31, 2008 and 2007, respectively. Future minimum lease payments as of December 31, 2008 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2009	\$ 83,398
2010	27,163
2011	<u>2,264</u>
	<u>\$ 112,825</u>

MIDWEST FOSTER CARE AND ADOPTION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Food pantry	\$ 3,705	716
Clothes closet	6,412	8,047
Christmas gifts	725	2,356
School supplies	-	665
Financial management	691	1,909
Girl Scout troop	3,000	3,000
Lawyers for Kids fund	1,649	11,007
Licensing	9,814	-
Berkmeier cottage	-	5,000
Mental health services	1,203	4,736
Parents/healthy families	715	7,580
Post adoptive resources	15,052	25,188
Resource center	<u>3,695</u>	<u>1,708</u>
	<u>\$ 46,661</u>	<u>71,912</u>

NOTE 6 - CONDITIONAL PROMISE

The Association received a conditional promise totaling \$39,600 from a foundation for a contribution to be received during 2009. The promise is conditional on the Association reporting its progress to the grantor and the grantor deeming the progress adequate. Due to the conditional nature of the promise, it has not been recorded in the accompanying financial statements.