



STATE OF INDIANA
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November 14, 2011

Board of Directors
Foster Parent Services, Inc.
3798 W. Co. Road 500 S.
Vallonia, IN 47281

We have reviewed the audit report prepared by Humphrey CPA Group, Independent Public Accountants, for the period January 1, 2009 to December 31, 2009. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Foster Parent Services, Inc., as of December 31, 2009, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

FOSTER PARENT SERVICES, INC.

FINANCIAL STATEMENTS

Years Ended December 31, 2009 and 2008

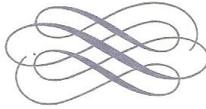
FOSTER PARENT SERVICES, INC.

FINANCIAL STATEMENTS

Years Ended December 31, 2009 and 2008

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Board of Directors
Foster Parent Services, Inc.
Vallonia, Indiana

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of assets, liabilities and stockholder's equity-modified cash basis of Foster Parent Services, Inc., as of December 31, 2009 and 2008 and the related statements of revenue, expenses and changes in retained earnings-modified cash basis and cash flows-modified cash basis for the years 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 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 that our audits provide a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared on the modified cash basis method of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and stockholder's equity of Foster Parent Services, Inc. as of December 31, 2009 and 2008, and its revenue, expenses and changes in stockholder's equity for the years then ended on the basis of accounting described in Note 2.

Humphrey CPA Group, LLC

Indianapolis, Indiana
July 7, 2010

FOSTER PARENT SERVICES, INC.
 Statements of Assets, Liabilities and Stockholders' Equity-Modified Cash Basis
December 31, 2009 and 2008

	December 31	
	2009	2008
Assets		
Cash and cash equivalents	\$ 56	\$ 121
Total assets	\$ 56	\$ 121
Liabilities and net assets		
Liabilities:		
Payroll liabilities	\$ 6,400	\$ -
Total liabilities	6,400	-
Stockholders' equity		
Common stock - \$10 par value, 100 shares, authorized, issued and outstanding	1,000	1,000
Retained earnings (deficit)	(7,344)	(879)
Total stockholders' equity (deficit)	(6,344)	121
Total liabilities and stockholder's equity (deficit)	\$ 56	\$ 121

See accompanying notes and independent auditor's report.

FOSTER PARENT SERVICES, INC.
 Statements of Revenues, Expenses and Changes in Retained Earnings-Modified Cash Basis
For the years ended December 31, 2009 and 2008

	Year ended June 30	
	2009	2008
Revenues:		
Foster Parent training	\$ 129,059	\$ 124,905
Other income	2,860	2,523
Total revenues	131,919	127,428
Operating expenses:		
Salaries	51,200	35,200
Payroll taxes	4,050	3,625
Simple IRA match	-	1,248
Medical reimbursement	9,188	4,534
Contracted services	28,241	35,084
First aid, CPR training	12,376	12,719
Travel	7,848	9,139
Telephone	2,193	2,248
Office rent	3,600	3,600
Training supplies and materials	4,807	4,843
Office supplies	2,351	2,614
Postage	2,335	2,703
Professional fees	6,155	5,955
Insurance	860	839
Site fees	2,450	735
Miscellaneous	22	37
Total operating expenses	137,676	125,123
Net income (loss) from operations	(5,757)	2,305
Other income (expense)		
Interest income	74	27
Interest expense	-	(29)
Net income (loss) before taxes	(5,683)	2,303
Income taxes	(782)	(83)
Net income (loss)	(6,465)	2,220
Retained earnings (deficit), beginning of year	(879)	(3,099)
Retained earnings (deficit), end of year	\$ (7,344)	\$ (879)

See accompanying notes and independent auditor's report.

FOSTER PARENT SERVICES, INC.
 Statements of Cash Flows-Modified Cash Basis
For the years ended December 31, 2009 and 2008

	Year ended December 31	
	2009	2008
Cash flows from operating activities		
Net income (loss)	\$ (6,465)	\$ 2,220
Adjustments to reconcile net increase in net income to net cash provided by operating activities:		
Cash provided (used) by changes in:		
Payroll liabilities	6,400	(2,101)
Net cash provided by operating activities	(65)	119
Financing activities		
Proceeds from shareholder loans	-	7,100
Repayment of shareholder loans	-	(7,100)
Net cash provided (used) by investing activities	-	-
Net increase in cash and cash equivalents	(65)	119
Cash and cash equivalents at beginning of year	121	2
Cash and cash equivalents at end of year	\$ 56	\$ 121

See accompanying notes and independent auditor's report.

FOSTER PARENT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

Note 1 - NATURE OF OPERATIONS

Foster Parent Services, Inc. (the Corporation) was formed in May 1997 and provides services for various support programs in the southeastern Indiana area. Substantially all support is received from the State of Indiana.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting -

The Corporation uses the modified cash basis of accounting. Revenue is recognized upon receipt rather than when earned. Expenses are recorded in the period paid rather than the period incurred. Amounts withheld from wages and amounts borrowed from stockholders are recorded as a liability at the time of the transaction.

Equipment -

Equipment is stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

Federal and State Income Taxes -

The Corporation has not adopted Statement of Financial Accounting Standards No. 109 (SFAS 109"). The Statement requires use of the liability method of accounting for deferred income taxes. The Corporation records income tax expense upon payment of the liability.

Statement of Cash Flows -

For the purposes of the statement of cash flows, the Corporation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Use of Estimates -

The presentation of financial statements in conformity with generally accepted accounting principles of 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.

Subsequent events – Subsequent events have been evaluated as of July 7, 2010, the date the financial statements were available for release.

Note 3 - CONCENTRATION OF CREDIT RISK

For the years 2009 and 2008, the Corporation received approximately 98% and 98%, respectively, of its funding from the state of Indiana. See Note 5 for details of the contracts.

FOSTER PARENT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

Note 4 - RETIREMENT PLAN

The Corporation has established a SIMPLE IRA plan covering substantially all employees. The current match is 3% of gross salaries and is funded on a regular basis. The expense for 2009 and 2008 was \$0 and \$1,248, respectively. During 2009, \$6,400 was withheld from the employee to be applied to her IRA account. The match due for 2009 was \$1,536. These amounts were deposited to the employee's IRA account in January 2010.

Note 5 - GRANTS

The Corporation secured a grant through the Indiana Family and Social Services Administration, Division of Family and Children running from January 1, 2009 through June 30, 2011. This grant was to provide services for Foster, Adoption and Kinship training in 15 counties in Southeastern Indiana. The total contract is for \$ 338,622, broken out as follows:

January 1, 2009 through June 30, 2009	\$ 76,622
July 1, 2009 through June 30, 2010	131,000
July 1, 2010 through June 30, 2011	<u>131,000</u>
Total	<u>\$338,622</u>

Amounts received on this contract totaled \$69,283 for the period January through June, 2009. Amounts billed on this contract for the period July 1, 2009 through December 31, 2009 totaled \$74,241. Amounts received on this billing totaled \$23,088. Amounts submitted for reimbursement for services performed in 2009, but unpaid at December 31, 2009 totaled \$51,153.

Note 6 - INCOME TAXES

The Corporation has net operating losses as of December 31, 2009 of \$5,688. The losses can be carried back two years, then forward for future years.

Note 7 - RELATED PARTY TRANSACTIONS

The Corporation leases office space from the stockholder in an agreement dated December 30, 1998. The lease calls for monthly payments of \$300 and is in effect on a month to month basis. Rent expense was \$3,600 and \$3,600 for the years ended December 31, 2009 and 2008, respectively.