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October 6, 2011

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

We have reviewed the audit report prepared by Larry E. Nunn & Associates, LLC, Independent Public Accountants, for the period January 1, 2008 to December 31, 2008. 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, 2008, 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

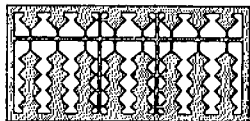
**FOSTER PARENT SERVICES, INC.**

**FINANCIAL STATEMENTS**

**December 31, 2008 and 2007**

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Anna Pollert, President  
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, 2008 and 2007 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, 2008 and 2007, and its revenue, expenses and changes in stockholder's equity for the years then ended on the basis of accounting described in Note 2.

A handwritten signature in cursive script that reads "Larry E. Nunn &amp; Associates, LLC". The signature is written in black ink and is located in the lower left quadrant of the page.

Columbus, Indiana  
September 24, 2009

FOSTER PARENT SERVICES, INC.  
 STATEMENTS OF ASSETS, LIABILITIES, AND STOCKHOLDER'S EQUITY -  
 MODIFIED CASH BASIS  
December 31, 2008 and 2007

|   | <u>ASSETS</u> |                |
|---|---------------|----------------|
|   | <u>2008</u>   | <u>2007</u>    |
| <b>Assets</b>   |               |                |
| Cash and cash equivalents   | \$ 121        | \$ 2           |
| <b>Total Assets</b>   | <u>\$ 121</u> | <u>\$ 2</u>    |
| <br><b><u>LIABILITIES AND STOCKHOLDER'S EQUITY</u></b>                          |               |                |
| <b>Liabilities</b>  |               |                |
| Payroll taxes withheld  | \$ -          | \$ 2,101       |
| <b>Total Liabilities</b>  | <u>-</u>      | <u>2,101</u>   |
| <b>Stockholder's Equity</b>   |               |                |
| Common Stock - \$10 par value, 100 shares<br>authorized, issued and outstanding | 1,000         | 1,000          |
| Retained earnings (deficit)   | <u>(879)</u>  | <u>(3,099)</u> |
| <b>Total Stockholder's Equity</b>   | <u>121</u>    | <u>(2,099)</u> |
| <b>Total Liabilities and Stockholder's Equity</b>                               | <u>\$ 121</u> | <u>\$ 2</u>    |

See accompanying notes and independent auditor's report.

FOSTER PARENT SERVICES, INC.  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -  
MODIFIED CASH BASIS  
Years Ended December 31, 2008 and 2007

|   | <u>2008</u>     | <u>2007</u>       |
|---|-----------------|-------------------|
| <b>Revenues</b>                                       |                 |                   |
| Foster parent training                                | \$ 124,905      | \$ 151,672        |
| Foster home studies/Foster family support             | -               | 19,261            |
| Other income  | <u>2,523</u>    | <u>1,350</u>      |
| <b>Total Revenue</b>                                  | <u>127,428</u>  | <u>172,283</u>    |
| <b>Expenses</b>                                       |                 |                   |
| Salaries  | 35,200          | 76,800            |
| Payroll taxes   | 3,625           | 4,699             |
| Simple IRA match                                      | 1,248           | 2,208             |
| Medical reimbursement                                 | 4,534           | 4,676             |
| Contracted services                                   | 35,084          | 41,626            |
| Travel  | 9,139           | 9,652             |
| Telephone   | 2,248           | 1,924             |
| Office rent   | 3,600           | 3,800             |
| Training supplies and materials                       | 4,843           | 4,249             |
| Office supplies                                       | 2,614           | 2,294             |
| Postage   | 2,703           | 2,820             |
| Professional fees                                     | 5,955           | 3,136             |
| Insurance   | 839             | 837               |
| Site fees   | 735             | -                 |
| Miscellaneous expense                                 | 37              | 8                 |
| First aid, CPR training                               | <u>12,719</u>   | <u>11,771</u>     |
| <b>Total Expenses</b>                                 | <u>125,123</u>  | <u>170,500</u>    |
| <b>Net Income from Operations</b>                     | <u>2,305</u>    | <u>1,783</u>      |
| <b>Other income (expense)</b>                         |                 |                   |
| Interest income                                       | 27              | 111               |
| Interest expense                                      | <u>(29)</u>     | <u>(138)</u>      |
| <b>Net Income before Taxes</b>                        | 2,303           | 1,756             |
| Income taxes  | <u>(83)</u>     | <u>(60)</u>       |
| <b>Net Income</b>                                     | 2,220           | 1,696             |
| <b>Retained Earnings (Deficit), beginning of year</b> | <u>(3,099)</u>  | <u>(4,795)</u>    |
| <b>Retained Earnings (Deficit), end of year</b>       | <u>\$ (879)</u> | <u>\$ (3,099)</u> |

See accompanying notes and independent auditor's report.

FOSTER PARENT SERVICES, INC.  
STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS  
Years Ended December 31, 2008 and 2007

|   | <u>2008</u>    | <u>2007</u>     |
|---|----------------|-----------------|
| Cash Flows From Operating Activities  |                |                 |
| Net income (loss)   | 2,220          | 1,696           |
| Adjustments to reconcile net income (loss) to net cash<br>provided (used) by operating activities |                |                 |
| Increase (decrease) in operating liabilities:   |                |                 |
| Accrued expenses  | <u>(2,101)</u> | <u>141</u>      |
| Net Cash Provided (Used) by Operating Activities  | <u>119</u>     | <u>1,837</u>    |
| Cash Flows From Financing Activities  |                |                 |
| Proceeds from stockholder loans   | 7,100          | 10,500          |
| Repayment of stockholder loans  | <u>(7,100)</u> | <u>(12,500)</u> |
| Net Cash Provided (Used) by Financing Activities  | <u>-</u>       | <u>(2,000)</u>  |
| Net Increase (Decrease) in Cash and Cash Equivalents  | 119            | (163)           |
| Cash and Cash Equivalents, beginning of year  | <u>2</u>       | <u>165</u>      |
| Cash and Cash Equivalents, end of year  | <u>\$ 121</u>  | <u>\$ 2</u>     |
| <br><u>Supplemental Disclosures</u>   |                |                 |
| Cash Paid During the Year for:  |                |                 |
| Interest  | <u>\$ 29</u>   | <u>\$ 138</u>   |
| Income taxes  | <u>\$ 83</u>   | <u>\$ 60</u>    |

See accompanying notes and independent auditor's report.

FOSTER PARENT SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

Note 1 -NATURE OF OPERATIONS

Foster Parent Services, Inc. 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.

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 record income tax expense upon payment of the liability.

Statement of Cash Flows -For the purposes of the statement of cash flows, the Organization 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.

Note 3 - CONCENTRATION OF CREDIT RISK

For the years 2008 and 2007, the Corporation received approximately 98% and 66%, respectively, of its funding from the state of Indiana and approximately 2% and 33% from various county governments within the state of Indiana. See Note 5 for details of the contracts.

Note 4 - RETIREMENT PLAN

The Corporation has established a SIMPLE IRA plan covering all employees. The current match is 3% of gross salaries and is funded on a regular basis. The expense for 2008 and 2007 was \$1,248 and \$2,208, respectively.

FOSTER PARENT SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

Note 5 - GRANTS

The Corporation secured a grant through the Indiana Family and Social Services Administration, Division of Family and Children running from October 1, 2004 through June 30, 2006. This grant was to provide services for Foster, Adoption and Kinship training in 15 counties in Southeastern Indiana. These funds were a pass through from the Federal Child Care and Development Fund of the United States Department of Health and Human Services Foster Care Title IV-E (CFDA 93.658). The breakdown of funds from the state is 75% federal dollars and 25% state dollars. A new contract is in effect for the period July 1, 2006 through December 31, 2008 and is between Foster Parent Services, Inc. and the Department of Child Services, formerly Division of Family and Children for \$330,474. Amounts received on this contract totaled \$124,905 and \$151,672 for the years 2008 and 2007, respectively. As of December 31, 2008, \$36,127 of eligible claims had been submitted but not reimbursed by the state. In November, 2008, a new contract was approved beginning January 1, 2009 through June 30, 2011. The total contract is for \$337,122, broken out \$75,122 for the period running from January 1, 2009 through June 30, 2009, \$131,000 for the period running from July 1, 2009 through June 30, 2010, and \$131,000 for the period running from July 1, 2010 through June 30, 2011.

The Corporation has also contracted with Indiana Family and Social Services Administration, Division of Family and Children to provide Child Welfare Planning services. The contract runs from October 1, 2004 through June 30, 2006. These funds are a pass through from United States Department of Health and Human Services, Safe and Stable Families (CFDA 93.556), Child Welfare State Grants (CFDA 93.645). Amounts received during 2008 and 2007 totaled \$-0- and \$19,261, respectively.

Note 6 - INCOME TAXES

The Corporation has net operating losses from prior years through December 31, 2008 and 2007 of \$-0- and \$-0-, respectively. These losses are being carried forward, due to losses in the carry back period. Approximately \$-0- and \$-0- of prior year losses was used to offset taxable income in 2008 and 2007, respectively. Income tax expense for the year ended December 31, 2008 and 2007 was \$83 and \$60, respectively. The Corporation calculates taxable income on a cash basis. Current year differences are due to the timing of salaries and related taxes.

Note 7 - RELATED PARTY TRANSACTIONS

The Corporation leases office space from the stockholder in an agreement dated December 30, 1998. The agreement was amended during 2007 requiring monthly payments of \$300 and is in effect on a month to month basis. Rent expense was \$3,600 and \$3,800 for the years ended December 31, 2008 and 2007, respectively. The balance of amounts loaned to the Corporation by the stockholder was \$-0- and \$-0- as of December 31, 2008 and 2007, respectively.