

*Kendrick
Foundation,
Inc.*

2006-2007 Annual Report to the Community

Kendrick Foundation, Inc.

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Kendrick Foundation, Inc.

President's Letter

I am pleased to present our Annual Report as we complete our sixth year of existence as Kendrick Foundation, Inc. This report covers the period of July 1, 2006 thru June 30, 2007.

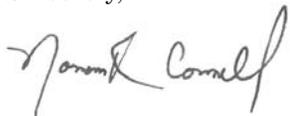
Kendrick Foundation was created as a vehicle to provide long-term financial support for health-related programs in Morgan County.

During the period of this report, the Kendrick Foundation Board of Directors approved 23 grants to non-profit organizations totaling \$767,302 and 24 Kendrick Scholarships with a potential value of \$240,000. More information on those organizations and individuals receiving these grants and scholarships is listed later in the report.

Kendrick Foundation has no paid staff of its own but is a supporting organization to the Community Foundation of Morgan County, Inc. I am particularly grateful to their staff as they do much of the work necessary to operate Kendrick Foundation. We believe that by working together more benefits are being provided to our community.

Kendrick Foundation is in excellent financial condition and has continued to grow in assets even with the sizable grants being issued. We believe the financial support provided by the Kendrick Foundation to these various organizations will make a positive difference in the health of the residents of Morgan County.

Sincerely,



Norman K. Connell

President & Board Chairman



Norman K. Connell

Unveiling Kendrick Foundation, Inc.

Our History A Legacy of Community Leadership

In 2001, the Kendrick Foundation, Inc. was established with the intent to serve the health care needs of the community, both in care and in education.

Formed from the proceeds of the sale of Kendrick Memorial Hospital, the Kendrick Foundation, Inc. reflects the long service of the hospital to the health of the community. It has become an extension of the life work of Dr. William Kendrick, and all who preceded him in the 100 years of service given at Kendrick Memorial Hospital.

The Kendrick Foundation, Inc. is a supporting organization of the Community Foundation of Morgan County, Inc. Both organizations share the desire to care for our neighbors and provide leadership to improve our community. The partnership of the Community Foundation of Morgan County, Inc. with the Kendrick Foundation, Inc. is based on our belief that we are better together.

With assets of over \$35 million, the Kendrick Foundation, Inc. provides an extensive and enduring legacy by contributing grant monies to medical and health programs in the community and supporting health education through substantial scholarships.

The Kendrick Foundation, Inc. is governed by a six-member board of directors who are responsible for the Kendrick Foundation, Inc. investments, grants and scholarships.

Our Statement of Purpose Kendrick Foundation, Inc.

- Contributes grant monies to tax-exempt medical and health programs
- Provides support directly to community health care outreach programs
- Provides financial support to hospice programs
- Provides financial support to programs for the medically indigent
- Makes grants to non-profit organizations to support their health care-related programs
- Supports health care education
- Funds the Kendrick Scholars program

Our Board of Directors serving the Community



John D. Ehrhart

Stephen S. Luther, M.D.

Mae Cooper

Norman Connell, Chairman

Shelley D. Voelz

James E. Harris, Secretary

Soaring Scholars

2007 Kendrick Scholars

Each year, the Kendrick Foundation, Inc. awards extensive scholarships to Morgan County students committed to a health care-related field of study. These scholarships provide up to \$10,000 per year per student for tuition to an accredited college, university or other educational program. In 2007, the following students pursued their education with support from Kendrick Foundation, Inc. scholarships.



Stephanie Alltop, University of Southern Indiana

Stephanie Alltop is enrolled in the School of Nursing at the University of Southern Indiana. She is a 2004 graduate of Martinsville High School. Stephanie has been an active member of a small group and a college group at her church. She is also a member of the National Student Nurses' Association, Inc. Stephanie plans to work as a pediatric nurse at Riley Hospital for Children or another children's hospital upon graduation. She hopes to obtain a master's degree in the future and pursue further education in oncology.

Marie Angermeier, Purdue University

Marie Angermeier is enrolled in the School of Nursing at Purdue University in West Lafayette, Ind. Marie is a 2006 graduate of Mooresville High School, where she was involved with the varsity swim team, student council, National Honor Society and PUSH. At Purdue she is a member of the Purdue Student Nurses Association and Navigators Bible Study. Marie plans to work in a hospital for a few years after graduation and return to school to become a nurse practitioner. She decided on a nursing career because of its versatility and her passion for the medical field.



Elizabeth Brack, Case Western University

Elizabeth Brack is currently enrolled in the School of Dental Medicine at Case Western Reserve University. Elizabeth is a 2003 graduate of Martinsville High School. She recently received her bachelor's degree in Biology from DePauw University where she participated in DePauw University Circle K, Women in Science and Society of Biologists. Elizabeth plans to obtain her Doctor of Dental Medicine degree at Case and start her career in general dentistry upon graduation. She enjoys dentistry because it allows her to develop relationships with people and help others feel better.



Paul Derek Bradford, Butler University

Paul Derek Bradford is enrolled at Butler University and is studying Biomedical Engineering and Chemistry. He is a 2006 graduate of Mooresville High School where he was a member of National Honor Society, student council, football and baseball. He has been active in his church and through community service projects. Paul Derek appreciates how science and mechanics can help someone to have a normal life after a major injury or accident, and his major allows him to use his strong math and science background. Upon graduation, he hopes to work in a hospital.

Lori Cravens, Indiana University-Purdue University Indianapolis

Lori Cravens is a student at Indiana University-Purdue University Indianapolis studying radiography and medical imaging technology. She is a 2005 graduate of Indian Creek High School. She is an active member of her church and has been involved in Relay for Life for many years. She is also a member of Alpha Lambda Delta and Phi Eta Sigma. She would like to receive a bachelor's degree in medical imaging technology. She first became interested in medical technology through a mentorship program during her senior year of high school.



Brian Cunningham, Indiana University

Brian Cunningham is currently enrolled in the Indiana University School of Medicine studying medicine. He is a previous graduate of Fountain Central High School. Brian is an active member of his church and volunteers with Interfaith Hospitality Network and Wheeler Mission. After obtaining his M.D., he will enter a residency program for training for three to five years. Brian hopes to work in family or internal medicine or pediatrics in a small community in Indiana, where he will reside with his wife and his children.

Meghan Dillon, Purdue University

Meghan Dillon is a student at Purdue University School of Nursing. She is a 2006 graduate of Monrovia High School, where she was a member of National Honor Society, was class president and was involved in various clubs and sports. She was also active in 4-H and in her church. Meghan enjoys nursing because she loves to care for others and is interested in anatomy and physiology of the human body. After receiving her bachelor's degree she plans to return to college to pursue her master's degree to become a nurse practitioner, specializing in gynecology and obstetrics.





Tiffany Eastman, Indiana University-Purdue University Indianapolis

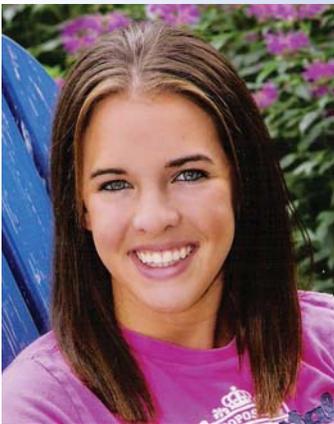
Tiffany Eastman is currently enrolled at Indiana University-Purdue University Indianapolis studying nursing. She is a previous graduate of Christian County High School. She is active in her church. Tiffany already has a bachelor's degree in public affairs and has work experience in the health care field. She hopes to work in the critical care, emergency or operating surgical field upon graduation and she intends to continue working in Morgan County. She enjoys nursing because she loves to care for others who are ill.

Hannah Egenolf, Purdue University

Hannah Egenolf is currently enrolled at Purdue University where she is studying nursing and Spanish. She is a 2007 graduate of Covenant Christian High School, where she was active in soccer and National Honor Society. She also volunteered with Rebuilding Downtown Indy and Walk for Life. She is active in her church. Hannah decided on a career in nursing after job shadowing a relative at a local hospital. She hopes to be a bilingual neonatal nurse, and she plans to live and work in Indiana where there is a great need for Spanish-speaking nurses.



Natalie Fishel, University of Evansville



Natalie Fishel is enrolled at the University of Evansville studying athletic training. Natalie is a 2007 graduate of Plainfield High School, where she was involved in student council, National Honor Society, Fellowship of Christian Athletes, Plainfield High School Ambassadors and the varsity swim team. She is also an active member of her church. Natalie became interested in physical therapy when a family member was seriously injured but was able to walk again because of dedicated physical therapists. She plans to obtain her Doctorate of Physical Therapy in the future.

Kimber Fodge, University of Indianapolis

Kimber Fodge is a student at the University of Indianapolis studying nursing and Spanish. She is a 2005 graduate of Covenant Christian High School. Kimber is a member of the Student Nursing Association, is a peer tutor and is in the Honors College. She is a long-time 4-H member and participated in the IU Honors Program in Spain in the summer of 2004. Kimber would like to work in a local hospital pediatric unit or in a sports medicine clinic. Kimber plans to continue her education by pursuing a master's degree to become a nurse practitioner or a nurse midwife.





Dwaine Francis, University of Indianapolis

Dwaine Francis is currently enrolled at the University of Indianapolis studying for his associate's degree in nursing. He is a former graduate of Center Grove High School. Dwaine is very active in his church and has been on three one-week medical mission trips. Dwaine decided to change his career to nursing because he feels it is a great way to serve others. Upon graduation, Dwaine would like to work in the area of pediatrics or surgery. He also plans to continue his medical mission trips and would someday like to complete a medical mission trip to Africa.

Robin Garrison, Xavier University

Robin Garrison is currently a student at Xavier University in Cincinnati, Ohio studying nursing. She is a graduate of Martinsville High School. She has been active in Youth As Resources, Habitat for Humanity, Relay for Life and as a PEER mentor. She is also an active member of her church. She has dreamed of a career in medicine for as long as she can remember. In the future, Robin plans to return to school to earn her master's degree to become a nurse practitioner. She would like to return to Indiana upon graduation to work and help other Hoosiers.



Jennifer Goffinet, Indiana University-Purdue University Indianapolis



Jennifer Goffinet is currently enrolled at Indiana University-Purdue University Indianapolis studying dental hygiene. Jennifer is a 2004 graduate of Eminence Community School Corporation. She wishes to work for a pediatric dentist because she enjoys working with children and feels that children need oral care from individuals who are trained for their special needs and situations. Jennifer believes that an individual's smile is key to his or her self-esteem and knows that by becoming a dental hygienist she can be a large part of changing people's view of themselves.

Jessica Long, Butler University

Jessica Long is a student at Butler University studying to be a physician's assistant. Jessica is a 2006 graduate of Covenant Christian High School, where she was a member of National Honor Society and varsity basketball. She has also been active in her church and completed an internship at Riley Hospital for Children. After graduating from college, Jessica plans to return to pursue her master's degree. She would like to work in a family practice or children's hospital. She wants to affect the lives of patients daily by providing care and listening to patient needs and concerns.





Erin Myers, Indiana University-Purdue University Indianapolis

Erin Myers is a student at Indiana University-Purdue University studying nursing. She is a 2002 graduate of Martinsville High School. She is a member of IU Phi Eta Sigma National Honor Society and has made the Indiana University Dean's List for four years. After obtaining her BSN, she would like to apply for a registered nursing position on a pediatric floor at an Indianapolis hospital. In the future, she would like to consider returning to Indiana University to obtain a master's degree as a nurse practitioner.

Jamie Parvis, Butler University

Jamie Parvis is a student at Butler University studying pharmacy. She is a 2004 graduate of Mooresville High School. She is a member of Phi Delta Chi Professional Pharmacy Fraternity, Tau Beta Sigma Band Service Fraternity, Butler marching and basketball band, National Society of Collegiate Scholars and Medicare Part D Committee. Jamie became interested in pharmacy in high school when she began taking chemistry classes, and she now enjoys learning about different medicines and how they work in the body.



Sherrie Payne, Indiana University



Sherrie Payne is a student in the Indiana University School of Medicine studying radiography. She is a former graduate of Ben Davis High School. She is a volunteer at St. Thomas More Free Clinic in Mooresville and is active in her church. Sherrie became interested in radiography when she discovered its varied work experiences and that it is a challenging field. She hopes to work in the Morgan County community upon graduation, and she and her husband would like to someday serve in the missionary field.

Katy Shields, Purdue University

Katy Shields is currently enrolled in the Purdue University School of Nursing. She is a 2007 graduate of Monrovia High School, where she was active in Fellowship of Christian Athletes, National Honor Society, Student Council, yearbook and theatre. She is also very active in her church. Katy became interested in nursing as a child, and now desires to help others feel comfortable as well as help meet their physical needs. She hopes to someday be a nurse at Riley Hospital for Children in Indianapolis.





Danielle Speck, Millikin University

Danielle Speck is a student at Millikin University in Decatur, Ill. studying nursing. She is a 2006 graduate of Monrovia High School. She is involved with Big Brothers Big Sisters and Millikin women's softball. As the eldest of four children, Danielle became interested in nursing when her younger sister was born and she realized that the care of the nurses was critical. Through that experience she learned how one person can impact the lives of others. Danielle plans to become a registered nurse and is looking forward to helping others.

Allison Stultz, Rose-Hulman Institute of Technology

Allison Stultz is currently enrolled at Rose-Hulman Institute of Technology studying biomedical engineering. She is a 2004 graduate of Mooresville High School. She is a member of Chi Omega, Student Government Association, Society of Women Engineers, and RHA. Allison became interested in biomedical engineering when she visited the college and found that the field allows for patient interaction in addition to being able to develop and design products. Allison plans to attend medical school or graduate school in hopes of either teaching or practicing medicine.



Kristi Walker, Ivy Tech Community College



Kristi Walker is currently enrolled at Ivy Tech Community College in Indianapolis, where she is studying radiologic technology. She is a 2004 graduate of Mooresville High School. She is involved in Phi Theta Kappa and is active in her church. Kristi chose to study radiology because she loves photography and science, and she found radiology to be a perfect combination. Upon graduation, she plans to attend Indiana University-Purdue University Indianapolis to study medical imaging. She hopes to study the subspecialty of cardiovascular.

Rebecca Walker, Ivy Tech Community College

Rebecca Walker is a student at Ivy Tech Community College in Indianapolis studying nursing. She is a former graduate of Martinsville High School. Rebecca is very active in her church, where she is the director of the choir and worship and is co-director of the Vacation Bible School program. She is also a member of Alpha Upsilon Tau and Ivy Tech Student Nurse Association. Rebecca looks forward to a career in nursing because she enjoys helping others. She hopes to work in an area hospital on a medical-surgical floor and someday assist in medical mission trips.





Rachelle Zier, Marian College

Rachelle Zier is currently enrolled at Marian College, where she is studying nursing. She is a 2005 graduate of Monrovia High School, where she was a member of National Honor Society, show choir, soccer and cross country. She is active in her church. Rachelle has dreamed of being a nurse since she was in junior high. She chose the profession because she enjoys science and math in addition to helping people. Upon graduation, she hopes to work at either St. Vincent or Riley Hospital for Children in the newborn intensive care unit.

2007 Kendrick Recognition Dinner



In May, Kendrick Foundation, Inc. Scholars were honored at a recognition dinner at Primo Banquet and Conference Center in Plainfield, Ind.

Immeasurable Opportunities

2006 Grant Recipients

Continuing in the commitment to sustain and promote community health, the Kendrick Foundation, Inc. awards grants to non-profit agencies and organizations that share this common goal. The following grants were awarded in 2006 offering a wide variety of services relating to the health and well-being of community residents.



Operation Walk Mooresville

Grant Gift: \$50,000

Each year, 60 medical personnel who live or work in Mooresville travel to third-world countries to provide much-needed surgeries. In 2007 the group went to Guatemala where they performed 50 hip/knee replacements. Kendrick Foundation, Inc. funds paid for the flight for participants. Photo by Skip Comer.

Boys and Girls Clubs of Morgan County

Grant Gift: \$15,000

In 2006 the Boys and Girls Clubs of Morgan County opened its doors in Mooresville, serving children ages five to 18. With a Kendrick grant, the Boys and Girls Clubs organized health, nutrition, and physical fitness fairs in Mooresville and Martinsville. About 1,000 people attended the fairs, which featured 25 booth participants such as hospitals, government assistance programs, police and fire departments and more.

Brown Township Fire Department

Grant Gift: \$26,000

En route to the hospital, Brown Township Fire Department wastes no time reaching its destination. Kendrick grant funds allowed for the purchase of eight laptop computers with durable touch screens. These laptops in the first-response vehicles allow for mapping of response areas, pre-planning of structures for effective fire response, communication with hospitals and many other advantages in the effort to save lives.

Center for Behavioral Health

Grant Gift: \$4,000

Project Compass' flex funds, partially funded by the Kendrick Foundation grant, allowed families a chance to excel. Low-income families participated in a Family Team which approved needed activities such as counseling, prescription management, or extra curricular activities. Flex funds were then used to help families' achieve their unified goals.

Churches in Mission

Grant Gift: \$15,000

According to the Indiana University Bowen Research Center, Morgan County ranks fourth highest among central Indiana counties for the number of families living below poverty level. The Kendrick Foundation grant, in addition to community donations and in-kind donations, provided food for approximately 9,000 people in the area through Churches in Mission.



Monroe Township Volunteer Fire Department

Grant Gift: \$19,521

With a Kendrick Foundation grant, the fire department purchased new extrication equipment. The early months of 2007 proved to be very icy in some Morgan County locations. Monroe Township Volunteer Fire Department personnel were able to extricate successfully the entrapped victims in major accidents.

Community Service Center of Morgan County, Inc.

Grant Gift: \$30,000

The biggest challenge that the Community Service Center of Morgan County, Inc. (WellSpring) faces is educating families before they leave their transitional facility. The WellSpring Wellness program, funded in part by a Kendrick grant, provides counseling, medical treatment, nutritional guidance and fitness programs to help clients become more employable and self-sufficient.

Desert Rose Foundation, Inc.

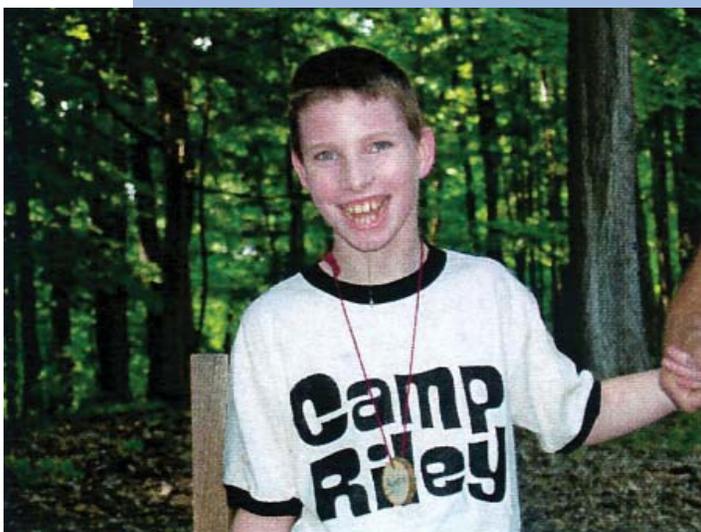
Grant Gift: \$4,760

The Desert Rose Foundation, Inc. in Martinsville has provided safe shelter for over 100 women and 225 children since its opening in 2005. The Kendrick Foundation, Inc. grant funded a 24-hour station at the shelter for client medication and provided transportation for residents to medical appointments throughout the course of their stay.

Family Service Center of Central Indiana, Inc.

Grant Gift: \$25,000

Family Service Center of Central Indiana, Inc. provided over 300 hours of counseling to 55 uninsured and underinsured families and individuals thanks to the Kendrick Foundation, Inc. The staff noted great progress in counseled clients, including a mother who after three months of counseling moved into her own rental home and secured a job.



First Presbyterian Church

Grant Gift: \$48,000

The work of many hands is required to serve the medical needs of the uninsured and underinsured in Morgan County. First Presbyterian Church's Good Shepherd Community Clinic helps to ensure that Morgan County residents receive medical care. Each Saturday the clinic provided treatment of acute illness, social service, assistance with medications and pastoral care, in part thanks to the Kendrick Foundation, Inc.

Riley Children's Foundation

Grant Gift: \$3,000

The focus of Camp Riley is to provide outdoor recreation and education for children with physical, medical and emotional needs. In the summer of 2006, over 230 children, including nine from Morgan County, enjoyed a fun stay at Bradford Woods with Camp Riley. Funding from Kendrick Foundation, Inc. helped pay for a portion of the camp.

Hemophilia of Indiana, Inc.

Grant Gift: \$2,500

While many people do not enjoy visiting the dentist, for some it can be life-threatening or financially devastating. Individuals with hemophilia require special treatment and many weeks of medical preparation before a dental exam. The Kendrick Foundation grant provided a year of dental care for five Morgan County families, allowing them to smile once again worry-free.

Martinsville Evening Lions Club

Grant Gift: \$8,400

Cancer patients at Morgan Hospital & Medical Center found tranquility in the Regional Cancer Center's Comfort Suite. The stresses of fighting cancer can take a toll, but the Kendrick Foundation grant allowed for 62 days of massage and touch therapy to cancer patients, caregivers and staff. Clients reported improvement in anxiety, pain relief and reduced swelling.

Mooresville Christian Academy

Grant Gift: \$7,000

Mooresville Christian Academy has committed itself to the national government initiative called Healthy People 2010. As a part of their commitment, MCA installed field exercise stations for students and adults along their fitness trail with a Kendrick grant. The trail was open to the public during non-school hours, providing a community exercise resource.

Morgan County Pathways to Learning

Grant Gift: \$150,000

Morgan County Pathways to Learning is a cooperative effort between Martinsville, Monroe-Gregg, Eminence, Mooresville, and Nineveh-Hensley Jackson school corporations to help ensure students entering kindergarten are prepared. Some skills children learned through Pathways were how to follow directions, listen, and recognize the alphabet and numbers.



Newby Memorial Elementary School PTO

Grant Gift: \$35,000

Most elementary school students will share that their favorite part of school is recess. Although this is a fun time of day, it is also important physical activity which helps fight the battle of obesity. The Kendrick Foundation grant provided new playground pieces including climbing equipment, slides, and swings.

Pregnancy Care Center of Morgan County

Grant Gift: \$39,121

In its 10th year, the Pregnancy Care Center of Morgan County was busy with more than 800 clients for its Earn While You Learn program. The Kendrick Foundation, Inc. grant funded a building addition with three new rooms in which mothers could watch educational videos, read and complete other activities to earn Baby Bucks for baby clothes and supplies.

Prime Time of Morgan County, Inc.

Grant Gift: \$25,000

Approximately 600 children per year are served through Prime Time of Morgan County, Inc. and their Child Abuse Investigative Team. Funds from the Kendrick Foundation, Inc. helped create a soundproof interview room with sensitive audio equipment and a hidden camera. This was less intimidating for children being interviewed in this delicate situation.

St. Francis Healthcare Foundation

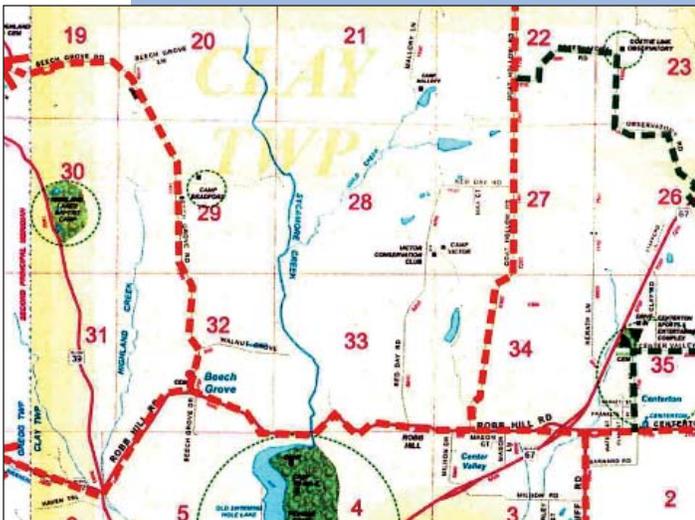
Grant Gift: \$75,000

The Healthier Morgan County initiative has a county-wide goal of better health in a variety of areas, including asthma education, tobacco cessation, and active lifestyles and weight loss. Started in 2007, one of the initiatives of Healthier Morgan County was the Step It Up Morgan County program, which encouraged residents to walk 10,000 steps each day.

St. Francis Hospital - Mooresville

Grant Gift: \$10,000

Child safety in vehicles can be a major concern for families and health professionals alike. With a grant from Kendrick Foundation, Inc., the Cherished Beginnings Child Passenger Safety Program provided free car seats and installation tips for many Morgan County families. Families also received educational materials about child car safety.



Morgan County Park and Recreation Board

Grant Gift: \$5,000

With the growing population of Morgan County, access to health-conscious activities needs to be increased. The Kendrick Foundation, Inc. grant allowed an update to its Greenways Plan for pedestrian and bike trails. This update included adding more of the county outside of city limits.

St. Thomas More Free Clinic

Grant Gift: \$70,000

With health care and medication costs on the rise, it was difficult for many Morgan County residents to obtain adequate medical care. The St. Thomas More Free Clinic provided examinations, medicine and medical advice to approximately 15 individuals each Saturday. The Kendrick Foundation, Inc. grant provided much-needed funds for patient medication and medical supplies.

St. Francis Healthcare Foundation

Grant Gift: \$100,000

Through a special 5-year Kendrick Foundation, Inc. grant totaling \$500,000, St. Francis Healthcare Foundation is transforming the hospital's ability to care for Morgan County residents. One goal of the project is to help turn the PromptMed Urgent Care Center into a state-of-the-art Emergency Department. They also plan to create Medical-Surgical and Intensive Care units to support critical care and trauma patients.

A History of Financial Giving

Kendrick Foundation, Inc.

Financial Statement

ACCOUNTANTS' REVIEW REPORT

Board of Directors
Kendrick Foundation
Indianapolis, Indiana

We have reviewed the accompanying statements of financial position of the **Kendrick Foundation** (foundation) as of June 30, 2007, and 2006 and the related statements of activities and cash flows for the years then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of **Kendrick Foundation**.

A review consists principally of inquiries of the foundation's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with U.S. generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with U.S. generally accepted accounting principles.

As described in Note 9 to the financial statements, **Kendrick Foundation** reported a prior period adjustment to restate investments and temporarily restricted net assets as of June 30, 2006.

Capin Crouse LLP

Greenwood, Indiana
September 20, 2007

KENDRICK FOUNDATION

Statements of Financial Position (See Accountants' Review Report)

	June 30,	
	<u>2007</u>	<u>2006</u>
ASSETS:		
Cash and cash equivalents	\$ 42,578	\$ 43,826
Grant refund receivable	-	1,143
Investments (Note 3)	<u>35,683,727</u>	<u>31,564,546</u>
Total Assets	<u>\$ 35,726,305</u>	<u>\$ 31,609,515</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Total liabilities	<u>\$ -</u>	<u>\$ -</u>
Net assets:		
Total temporarily restricted net assets	<u>35,726,305</u>	<u>31,609,515</u>
Total Liabilities and Net Assets	<u>\$ 35,726,305</u>	<u>\$ 31,609,515</u>

See notes to financial statements

KENDRICK FOUNDATION

Statements of Activities (See Accountants' Review Report)

	For the Years Ended June 30,	
	2007	2006
REVENUE:		
Investment income (Note 5):		
Net unrealized gains	\$ 3,032,220	\$ 1,290,537
Net realized gains	355,608	1,109,935
Investment earnings	1,792,786	807,612
	5,180,614	3,208,084
Other	16	7,014
Total Revenue	5,180,630	3,215,098
EXPENSES:		
Program services:		
Grants and scholarships made (Note 4)	879,887	627,618
Supporting activities:		
Management and general (Note 7)	183,953	108,949
Total Expenses	1,063,840	736,567
Change in Net Assets	4,116,790	2,478,531
Temporarily Restricted Net Assets, Beginning of Year:		
As originally reported	31,609,515	28,450,766
Prior period adjustment (Note 9)	-	680,218
As restated	31,609,515	29,130,984
Temporarily Restricted Net Assets, End of Year	\$ 35,726,305	\$ 31,609,515

See notes to financial statements

KENDRICK FOUNDATION

Statements of Cash Flows (See Accountants' Review Report)

	For the Years Ended June 30,	
	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,116,790	\$ 2,478,531
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net unrealized gains on investments	(3,032,220)	(1,290,537)
Net realized gains on investments	(355,608)	(1,109,935)
Changes in:		
Grant refund receivable	1,143	7,224
Prepaid scholarships	-	4,129
Net Cash Provided by Operating Activities	<u>730,105</u>	<u>89,412</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(3,630,215)	(10,021,844)
Proceeds from sale of investments	<u>2,898,862</u>	<u>9,953,800</u>
Net Cash Used by Investing Activities	<u>(731,353)</u>	<u>(68,044)</u>
Change in Cash and Cash Equivalents	(1,248)	21,368
Cash and Cash Equivalents, Beginning of Year	<u>43,826</u>	<u>22,458</u>
Cash and Cash Equivalents, End of Year	<u>\$ 42,578</u>	<u>\$ 43,826</u>

See notes to financial statements

KENDRICK FOUNDATION

Notes to Financial Statements (See Accountants' Review Report)

June 30, 2007 and 2006

1. NATURE OF ORGANIZATION:

Kendrick Foundation, Inc. (foundation) is a supporting organization of the Community Foundation of Morgan County, Inc. serving Morgan County, Indiana. Its purpose is to operate exclusively to benefit, perform, and carry out the charitable, scientific, educational, and other exempt purposes of the Community Foundation of Morgan County, Inc. Sources of revenue consists of investment income and capital gains. Individuals and programs benefiting from the foundation include Morgan County medical and health programs, community healthcare outreach programs, hospice programs, programs for the medically indigent, healthcare education, and funding of Kendrick Scholars program.

The foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (code) of 1986, and contributions to it are tax deductible within the limitations prescribed by the code. The foundation is not considered a private foundation within the meaning of Section 509(a)(1) and 170(b)(1)(A)(iii) of the code. See Note 8.

2. SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the foundation are presented on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

TEMPORARILY RESTRICTED NET ASSETS

The investment assets forming the foundation were to be held to support the exempt purpose of the Community Foundation of Morgan County, Inc., until such time (if ever) the governing body deems it prudent and appropriate to expend some part of the principal or appreciation. As these net assets are restricted to be used in support of the Community Foundation of Morgan County, Inc., the financial statements classify these net assets as temporarily restricted. Temporarily restricted net assets consist of principal and income restricted by purpose restricted funds.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of a checking account balance held in an insured local bank. As disclosed in Note 3, cash and cash equivalent balances held with a brokerage are included in investments.

INVESTMENTS

Investments are reported at fair market value, which is determined using published exchange market quotations where applicable and using estimated market value when no ready market exists. Estimated market value is based on expected future cash flows. Investments in equity securities with readily determinable fair value and all debt securities are reported at fair value with gains and losses reported in the statements of activities.

KENDRICK FOUNDATION

Notes to Financial Statements (See Accountants' Review Report)

June 30, 2007 and 2006

SIGNIFICANT ACCOUNTING POLICIES, continued:

REVENUES AND EXPENSES

Revenue is reported when earned.

Expenses are reported when incurred.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been reported on a functional basis in the statements of activities. Program services are expenses incurred entirely through scholarships and grants awards. The foundation incurred no fund-raising or advertising expenses in either fiscal years ended June 30, 2007, or 2006.

INVESTMENTS:

Investments at fair market value consist of:

	June 30,	
	2007	2006
Cash and cash equivalents	\$ 422,418	\$ 453,696
Domestic equity mutual funds	18,102,638	16,376,918
International equity mutual funds	7,246,698	6,126,737
Commodity mutual funds	373,600	390,883
Fixed income	8,536,681	8,216,312
Alternative investments	1,001,692	-
	<u>\$ 35,683,727</u>	<u>\$ 31,564,546</u>

The investments are held in a custodial arrangement by a financial institution. An independent consultant provides advice on allocation of investments. However, the foundation retains the right to decide how funds are to be allocated.

GRANTS AND SCHOLARSHIPS MADE:

Grants and scholarships made consist of:

	For the Years Ended June 30,	
	2007	2006
Health related grants	\$ 759,195	\$ 438,404
Health related scholarships	120,692	189,214
	<u>\$ 879,887</u>	<u>\$ 627,618</u>

KENDRICK FOUNDATION

Notes to Financial Statements (See Accountants' Review Report)

June 30, 2007 and 2006

5. REVENUE CONCENTRATION:

During the years ended June 30, 2007, and 2006, over 99% of the foundation's revenue was earned from investment holdings.

6. COMMITMENTS AND CONTINGENCIES:

The foundation is a defendant in a suit in which the plaintiff (former patient of Kendrick Family Practice) is seeking damages. The primary liability cap in the state of Indiana is \$250,000. The principal issue relates to the standard of care provided by two employees of the Family Practice. Legal counsel states that this case most likely will proceed to trial. Any judgment or settlement agreed upon will be the responsibility of the foundation. Due to the wide range of damage assessment, no provision has been made in the accounts for any liability for this suit. However, it is at least reasonably possible that the foundation's estimate of its liability may change in the near term. Any payments by reason of an adverse determination in this matter will be charged to earnings in the period of determination.

7. MANAGEMENT AND GENERAL EXPENSES:

Management and general expenses consist of:

	For the Years Ended June 30,	
	2007	2006
Administrative fees	\$ 100,000	\$ 35,000
Investment fees	36,547	50,332
Legal fees	28,644	10,037
Accounting fees	5,331	4,912
Miscellaneous	4,934	4,463
Kendrick Hospital pension administration	4,567	1,092
Insurance	3,178	2,413
Kendrick Hospital record storage	752	700
	<u>\$ 183,953</u>	<u>\$ 108,949</u>

KENDRICK FOUNDATION

Notes to Financial Statements (See Accountants' Review Report)

June 30, 2007 and 2006

8. SUBSEQUENT EVENT:

Subsequent to the fiscal year ended June 30, 2007, the foundation changed its tax exempt status to that of a 501(c)3 private foundation as defined by Section 509(a)(1) and 170(b)(1)(A)(iii) of the code. While the foundation is no longer defined as a supporting organization of the Community Foundation of Morgan County, Inc., it maintains a close relationship with the Community Foundation of Morgan County, Inc. and both foundations continue to desire to care for its neighbors and provide leadership to improve the community.

9. PRIOR PERIOD ADJUSTMENT:

In December 2006, the foundation successfully verified its ownership in the investment accounts disclosed as a gain contingency at June 30, 2006. The effects of this event resulted in the foundation's recording of a prior period adjustment to record the investment balance at June 20, 2006. The effects of this adjustment increased the June 30, 2006, investment, and temporarily restricted net asset balances by \$680,218, the fair market value of the investments at that date. This adjustment was posted as a correction of an error.

Presenting an Application

Kendrick Foundation, Inc. Grant Cycle

The Kendrick Foundation, Inc. grant cycle is for community non-profit organizations and programs that have a health care-related purpose.

Prior to submitting a grant application, a Letter of Intent must be submitted. Letters of Intent are available for download on the Kendrick Web site for a limited amount of time during the opening of the grant cycle.

Kendrick Foundation, Inc. Scholarship Program

The Kendrick Foundation, Inc. scholarship cycle is for the Kendrick Scholarship program. These applications are due by January 31.

Applications for this program are available by contacting the guidance departments of Morgan County high schools or the Kendrick Foundation, Inc. office, in care of the Community Foundation of Morgan County, Inc. Applications can also be found online at www.kendrickfoundation.org.

For More Information

For more information on applying for grants and scholarships, including application dates, please visit www.kendrickfoundation.org.

Kendrick Foundation, Inc.

250 North Monroe Street

Mooreville, Indiana 46158