

Methodist Home for Children

2007-2008 ANNUAL REPORT



Methodist Home for Children (MHC) has nurtured children, youth, and families for more than 100 years. Our nonprofit agency reaches out to serve all young people and families regardless of religion, race, or economic status. We provide care for troubled and neglected children in our 10 community-based residential youth homes. MHC also works to find permanence for children and youth through our foster care and adoption services and to bring stability to families through our substance abuse program and our family-based counseling services. The agency serves children and their families in our five-star early childhood program, the Jordan Child & Family Enrichment Center. MHC is active in 53 counties across North Carolina.

"...and whoever gives even a cup of cold water to one of these little ones in the name of a disciple—truly I tell you, none of these will lose their reward."

MATTHEW 10:42

Our mission to serve children and families has always come first, as it was throughout the past year. In the fiscal year ending June 30, 2008, we served 1,386 children and families, 99 more than in the previous year, and as always, with the highest quality care.

We are proud of the 24 students to whom we provided scholarship assistance to attend 15 higher education institutions. We are gratified that parents and professionals continued their strong demand for Early Childhood Training and Outreach Programs. This year alone we trained 355 childcare workers. We lift up our inclusive classrooms at the Jordan Center and celebrate our ability to provide financial assistance to 47% of our families, enabling them to place their children in the care of MHC. This past year we added a new classroom for kids participating in the More at Four program, welcoming an additional 18 children who will now have an exponentially increased chance of future academic and professional success.

In addition to directly serving children, youth, and families, MHC is also pleased to report that last year we trained 140 staff at North Carolina's Department of Juvenile Justice and Delinquency Prevention (DJJDP) in our model of care. We offered 11 trainings for Direct Care workers and supervisors. A remarkable transformation is taking place in how North Carolina cares for juvenile offenders in the four new Youth Development Centers across the state. MHC has been a catalyst for this systemic change: from a

punitive approach to implementing a therapeutic model of care. We opened the new Macon County Multipurpose home for court-ordered youth located in Franklin, NC and are delighted to be extending our services further west. MHC continues to work toward teaching our effective model of care to agencies nationwide.

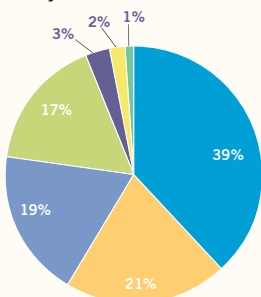
In January 2008, MHC received the largest single gift in the organization's history, a donation from the estate of Mrs. Ruth Carver in excess of \$6,000,000 — a wonderful and blessed event to celebrate. Her gift was unrestricted and has been added to MHC's endowment.

2007–2008 was a remarkable financial year and our annual fundraising revenues were at an all-time high as we saw increases in both individual and church giving, demonstrating that our donors continue to have faith in the good work we do. For the third year in a row, we continued to be fine stewards of our invested funds utilizing only a small percentage of these resources in support of our mission.

We give sincere and heartfelt thanks to all of our supporters, partners, friends, and contributors. Because of you, MHC has had a wonderful year—by the numbers and by the stories. With your continued prayers and financial help, we will continue to work in service to God helping children, youth, and families throughout North Carolina.

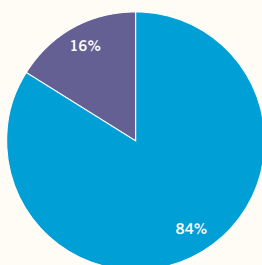
SERVICES

We served 1,386 children and families in our programs this year as compared to 1,287 in FY 2006-2007. This increase reflects additional clients in Early Childhood, Higher Education, and the addition of Gang Prevention and Outreach services. Among the 1,386 children and families in our programs this year, most were served by our in-home services professionals. In this service area we help parents who are at risk of having their children removed from their homes and families that need short- or long-term help to become healthy and strong. Figures for families in our adoptions program reflect not only those who completed the lengthy and intensive adoption process, but also those who went through our training and referral programs, attended adoption support group meetings, or for whom MHC conducted a home study.



1,032 CHILDREN SERVED

| | |
|----------------------------|-----|
| In-home Services | 397 |
| Early Childhood Services | 207 |
| Foster Care | 190 |
| Group Homes | 171 |
| Gang Prevention & Outreach | 31 |
| Higher Education | 24 |
| Adoption | 12 |

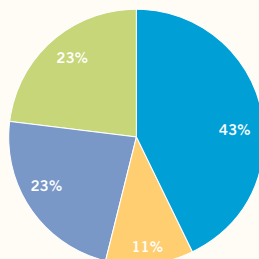


354 FAMILIES SERVED

| | |
|------------------|-----|
| In-home Services | 298 |
| Adoptions | 56 |

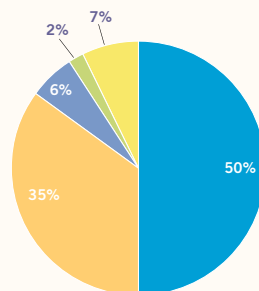
POPULATION SERVED

These charts fairly represent MHC's overall client population. However, figures for our in-home services were not available for race, age, or gender.



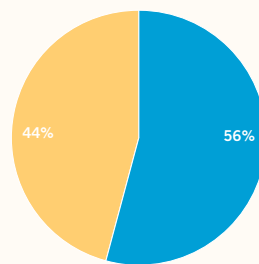
AGE

| | |
|------------------|-----|
| Infant – 5 years | 248 |
| 6-10 years | 61 |
| 11-15 years | 136 |
| 16 years + | 135 |



RACE

| | |
|------------------|-----|
| African-American | 291 |
| Caucasian | 203 |
| Hispanic | 34 |
| Native American | 10 |
| Other | 42 |



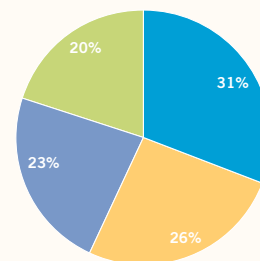
GENDER

| | |
|--------|-----|
| Male | 323 |
| Female | 257 |

LENGTH OF STAY

Of the 169 youth who were discharged from our group homes and foster care program this year, 80% were in our care for nine months or less. The primary goal for the children we serve in our group homes and foster care program is permanence. One child might be able to return home relatively quickly. Another might wait several years to be adopted. Every situation is unique; we make individual service plans for each child.

These figures and the accompanying chart do not include the 14 emergency placements we handled for young people whose safety was at imminent risk. In such situations, we place a child with one of our specially trained foster families while we seek and secure a safe and appropriate long-term placement for them.



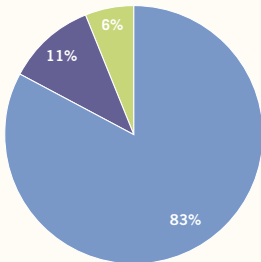
LENGTH OF STAY

| | |
|--------------------|----|
| Less than 3 months | 52 |
| 3-6 months | 44 |
| 6-9 months | 39 |
| Over 9 months | 34 |

FINANCIAL INFORMATION

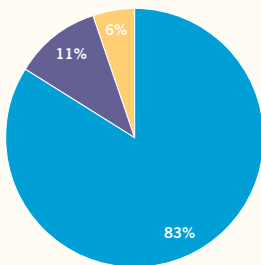
Our operating expenses for FY 2007–2008 were \$12,171,825. The bulk of this, \$0.83 of every \$1.00, was spent on our programs for young people and families. A small percentage of our expenses were used for administrative and fundraising purposes.

83% of our revenues were generated by fees for service that include contracts, service agreements, and early childhood parent fees. 11% came from donations and grants, and 6% were distributions from the invested funds of the MHC Foundation.



OPERATING EXPENSES

| | |
|----------------|-----|
| Programs | 83% |
| Administration | 11% |
| Fundraising | 6% |

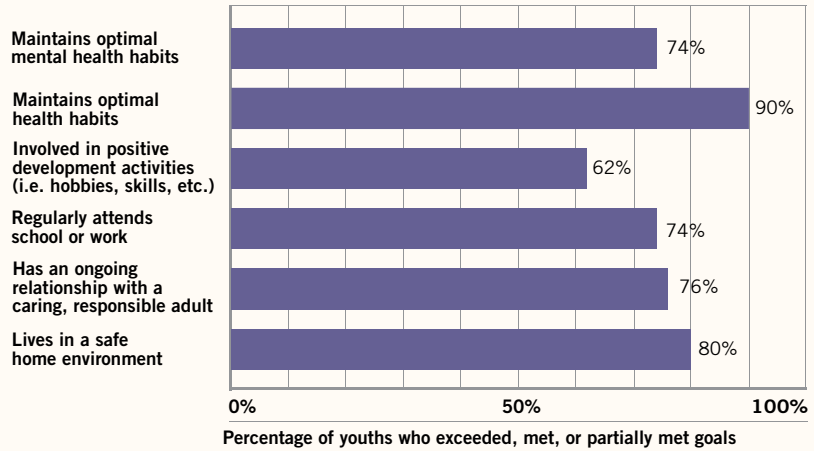


OPERATING REVENUE

| | |
|----------------------|-----|
| Fees for Service | 83% |
| Donations and Grants | 11% |
| Invested Funds | 6% |

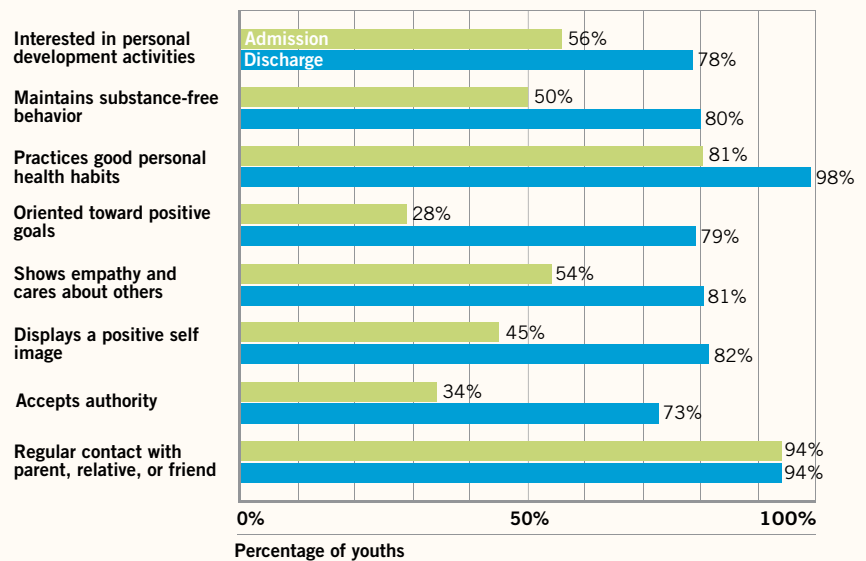
ANNUAL OUTCOME SURVEY

We prepare young people for life beyond MHC. We know the world they enter may not always treat them well and that they will face many challenges—from coping with personal and family issues, to managing economic, educational, and class-related obstacles. Many of the strides toward success that young people make while in our care are reflected in the outcome surveys that we conduct six-months and one-year after youths are discharged.



RISK AND PROTECTIVE MEASURES

In our group homes and in our foster care program, we serve young people whose prospects for a stable and loving home life are slim. While they are in our care, we wrap many protective factors around them that will serve them well in the future. Using a values-based teaching model, we promote core principles that include responsibility, respect, and honesty. The more protective traits young people possess, the better their chances for success. The following chart demonstrates the development of these important measures from admission to discharge.



CONTRACTS AND SERVICE AGREEMENTS

MHC worked with these 42 county, regional, and state entities in 2007–2008.

| | |
|--|--|
| North Carolina Department of Juvenile Justice and Delinquency Prevention | Harnett County Department of Social Services |
| North Carolina Division of Social Services | Hyde County Department of Social Services |
| North Carolina Special Nutrition Program | Johnston County Department of Social Services |
| Alamance-Caswell-Rockingham Local Management Entity | Johnston County Mental Health Center |
| Alamance County Department of Social Services | Martin County Department of Social Services |
| Albemarle Mental Health Center | New Hanover County Department of Social Services |
| The Beacon Center | Northampton County Department of Social Services |
| Beaufort County Department of Social Services | Orange County Department of Social Services |
| Bertie County Department of Social Services | Orange Person Chatham Area Program |
| Caswell County Department of Social Services | Pender County Department of Social Services |
| Chatham County Department of Social Services | Pitt County Department of Social Services |
| Cumberland County Department of Social Services | Robeson County Department of Social Services |
| Cumberland Mental Health Center | Sampson County Department of Social Services |
| Currituck County Department of Social Services | Southeastern Center for Mental Health, Developmental Disabilities and Substance Abuse Services |
| Dare County Department of Social Services | Southeastern Regional Mental Health, Developmental Disabilities and Substance Abuse Services |
| Duplin County Department of Social Services | Tyrell County Department of Social Services |
| The Durham Center | Wake County Human Services |
| Durham County Department of Social Services | Wake County SmartStart |
| East Carolina Behavioral Health Eastpointe | Washington County Department of Social Services |
| Five County Mental Health Authority | Wayne County Department of Social Services |
| Franklin County Department of Social Services | |

COMMUNITIES SERVED

Methodist Home for Children served children and families from 53 North Carolina counties.

| | |
|------------|-------------|
| Alamance | Johnston |
| Beaufort | Jones |
| Bertie | Lenoir |
| Brunswick | Macon |
| Camden | Martin |
| Carteret | Moore |
| Caswell | Nash |
| Chatham | New Hanover |
| Chowan | Northampton |
| Craven | Onslow |
| Cumberland | Orange |
| Currituck | Pamlico |
| Dare | Pasquotank |
| Duplin | Pender |
| Durham | Perquimans |
| Edgecombe | Pitt |
| Franklin | Randolph |
| Gates | Robeson |
| Granville | Sampson |
| Greene | Scotland |
| Halifax | Stokes |
| Harnett | Tyrell |
| Haywood | Wake |
| Hertford | Washington |
| Hoke | Wayne |
| Hyde | Wilson |
| Jackson | |

We have made this report as accurate and complete as possible. We apologize for any omissions or errors. Independent financial audits and detailed service assessment reports about MHC and its Foundation are available by calling 1.888.305.4321.