

REGAN, GRACE & KERLEY, LLC
CERTIFIED PUBLIC ACCOUNTANTS
A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

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May 14, 2008

PERSONAL AND CONFIDENTIAL

SladeChild Foundation Charitable Trust
16312 Abbey Road
Bowie, MD 20715

Attention: David C. Slade

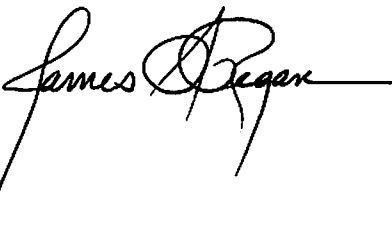
Dear Mr. Slade:

We enclose seven bound copies and one unbound copy of financial statements for SladeChild Foundation Charitable Trust for the year ended December 31, 2007.

We also enclose a management representation letter. Please have this letter copied onto company stationery, sign and return to our office at your earliest convenience.

Very truly yours,

REGAN, GRACE & KERLEY, LLC

By 

JSR:bhs
Enclosures
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SLADECHILD FOUNDATION CHARITABLE TRUST

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

Years ended December 31, 2007 and 2006

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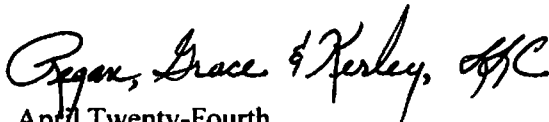
INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
SladeChild Foundation Charitable Trust
Bowie, Maryland

We have audited the accompanying statements of financial position of SladeChild Foundation Charitable Trust as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 audit provides 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 SladeChild Foundation Charitable Trust as of December 31, 2007 and 2006, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


April Twenty-Four
Two Thousand and Eight

SladeChild Foundation Charitable Trust
Statements of Financial Position
as of December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Current assets		
Cash	\$ 38,202	\$ 35,619
Certificate of deposit	<u>20,006</u>	<u>20,006</u>
Total current assets	<u>58,208</u>	<u>55,625</u>
Long term investments	<u>89,343</u>	<u>93,660</u>
Fixed assets		
Furniture and fixtures	3,017	2,358
Less: Accumulated depreciation	<u>2,391</u>	<u>2,358</u>
Total fixed assets	<u>626</u>	<u>-</u>
Total Assets	<u><u>148,177</u></u>	<u><u>149,285</u></u>
Liabilities and Net Assets		
Current liabilities		
Grants payable	-	-
Accounts payable	<u>-</u>	<u>1,500</u>
Total current liabilities	<u>-</u>	<u>1,500</u>
Net assets		
Unrestricted net assets	705	966
Temporarily restricted net assets	147,472	146,819
Permanently restricted net assets	<u>-</u>	<u>-</u>
Total net assets	<u>148,177</u>	<u>147,785</u>
Total liabilities and net assets	<u><u>\$ 148,177</u></u>	<u><u>\$ 149,285</u></u>

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

SladeChild Foundation Charitable Trust
Statement of Activities
for the year ended December 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Other Revenue				
Trustee and trustee related contributions	\$ 2,665	\$ -	\$ -	\$ 2,665
Individual contributions	9,370	25,245	-	34,615
Combined Federal Campaign	320	22,017	-	22,337
Interest income	6,980	-	-	6,980
State charity drives	-	504	-	504
Realized gain on sale of investments	(261)	-	-	(261)
Net assets released from restrictions	<u>47,113</u>	<u>(47,113)</u>	<u>-</u>	<u>-</u>
Total support and other revenue	<u>66,187</u>	<u>653</u>	<u>-</u>	<u>66,840</u>
Expenses				
Program services				
Grants	54,224	-	-	54,224
General and administrative				
Advertising	576	-	-	576
Depreciation	33	-	-	33
Computer maintenance	610	-	-	610
Fundraising expenses	3,015	-	-	3,015
Miscellaneous	2,444	-	-	2,444
Postage	639	-	-	639
Printing	115	-	-	115
Professional fees	1,500	-	-	1,500
Registration fees	95	-	-	95
Supplies	866	-	-	866
Temporary help	<u>2,331</u>	<u>-</u>	<u>-</u>	<u>2,331</u>
Total expenses	<u>66,448</u>	<u>-</u>	<u>-</u>	<u>66,448</u>
Change in net assets	(261)	653	-	392
Net assets as of beginning of year	<u>966</u>	<u>146,819</u>	<u>-</u>	<u>147,785</u>
Net assets as of end of year	<u>\$ 705</u>	<u>\$ 147,472</u>	<u>\$ -</u>	<u>\$ 148,177</u>

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

SladeChild Foundation Charitable Trust
Statement of Activities
for the year ended December 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Other Revenue				
Trustee and trustee related contributions	\$ 2,969	\$ -	\$ -	\$ 2,969
Individual contributions	-	30,378	-	30,378
Combined Federal Campaign	-	16,579	-	16,579
Interest income	6,494	-	-	6,494
State charity drives	-	1,049	-	1,049
Realized gain on sale of investments	-	-	-	-
Net assets released from restrictions	<u>59,254</u>	<u>(59,254)</u>	<u>-</u>	<u>-</u>
Total support and other revenue	<u>68,717</u>	<u>(11,248)</u>	<u>-</u>	<u>57,469</u>
Expenses				
Program services				
Grants	57,591	-	-	57,591
General and administrative				
Advertising	107	-	-	107
Computer maintenance	-	-	-	-
Depreciation	-	-	-	-
Fundraising expenses	4,060	-	-	4,060
Miscellaneous	2,989	-	-	2,989
Postage	315	-	-	315
Printing	-	-	-	-
Professional fees	1,550	-	-	1,550
Registration fees	90	-	-	90
Supplies	310	-	-	310
Temporary help	<u>1,705</u>	<u>-</u>	<u>-</u>	<u>1,705</u>
Total expenses	<u>68,717</u>	<u>-</u>	<u>-</u>	<u>68,717</u>
Change in net assets	-	(11,248)	-	(11,248)
Net assets as of beginning of year	<u>966</u>	<u>158,067</u>	<u>-</u>	<u>159,033</u>
Net assets as of end of year	<u>\$ 966</u>	<u>\$ 146,819</u>	<u>\$ -</u>	<u>\$ 147,785</u>

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

SladeChild Foundation Charitable Trust
 Statements of Cash Flows
 for the years ended December 31, 2007 and 2006

	2007	2006
Operating activities		
Change in net assets	\$ 392	\$ (11,248)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized (gain) loss on sale of investments	261	-
Depreciation	33	-
Increase (decrease) in accounts payable	(1,500)	-
Net cash from operating activities	(814)	(11,248)
Investing activities		
Proceeds from sale of long term investments	23,754	-
Purchase of long term investments	(19,698)	-
Purchase of fixed assets	(659)	-
Net cash from investing activities	3,397	-
Financing activities	-	-
Net increase in cash and cash equivalents	2,583	(11,248)
Cash and cash equivalents as of beginning of year	35,619	46,867
Cash and cash equivalents as of end of year	\$ 38,202	\$ 35,619

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

SladeChild Foundation Charitable Trust
Notes to Financial Statements
December 31, 2007 and 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The SladeChild Foundation was established in 1982 as a publicly supported charity to provide food, clothing, shelter, education, and health care to needy children around the world.

FINANCIAL STATEMENT PRESENTATION

The financial statements are presented on the accrual basis of accounting.

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statement of Not-for-Profit Organizations." Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Foundation reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets are maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

USE OF ESTIMATES

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SladeChild Foundation Charitable Trust
Notes to Financial Statements
December 31, 2007 and 2006

CONTRIBUTIONS

The Foundation has adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

FIXED ASSETS

Property and equipment are stated at cost. The Foundation's policy is to charge all additions to the asset account and to charge the cost of repairs and maintenance and minor betterments to operations in the year in which the cost is incurred. Asset and accumulated depreciation accounts are relieved when properties are retired or otherwise disposed of. Gains and losses on the sale of property are included in revenue.

INCOME TAXES

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no income tax liability has been recorded in the financial statements.

CASH EQUIVALENTS

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

NOTE 2. DEPRECIATION

Depreciation is computed using the straight-line method. The estimated useful life of the Foundation's furniture and fixtures is five years. At December 31, 2007 and 2006, all of the Foundation's fixed assets were fully depreciated.

SladeChild Foundation Charitable Trust
Notes to Financial Statements
December 31, 2007 and 2006

NOTE 3. RESTRICTIONS ON NET ASSETS

As of December 31, 2007 and 2006, the Foundation had designated unrestricted net assets for the following purposes:

	<u>2007</u>	<u>2006</u>
Emergency Fund	\$1,509	\$1,509

Temporarily restricted net assets were available for the following purposes:

	<u>2007</u>	<u>2006</u>
Tom Landers Fund	\$ 9,530	\$ 9,530
Endowment Fund	66,755	59,185
Grant Fund	68,644	75,232
Administrative Fund	<u>2,543</u>	<u>2,872</u>
	<u>\$147,472</u>	<u>\$146,819</u>

The Foundation has no temporarily restricted net assets with a time restriction, or permanently restricted net assets.

NOTE 4. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

The Foundation did not pay any interest or income taxes for the years ended December 31, 2007 and 2006.

NOTE 5. GENERAL AND ADMINISTRATIVE EXPENSES

It is the Foundation's policy that (1) all general and administrative expenses are paid in full by trustee contributions and interest earned on the trust accounts, and, (2) that all public donations are applied in full for the benefit of the children. For the year ended December 31, 2007, general and administrative expenses, as presented on the Statement of Activities, amounted to \$12,224, while the trustees' contributions, sponsorships and interest income totaled \$11,895. The resulting Administrative Fund balance of \$2,543 substantiates the Foundation's above-stated policy on a cumulative basis.