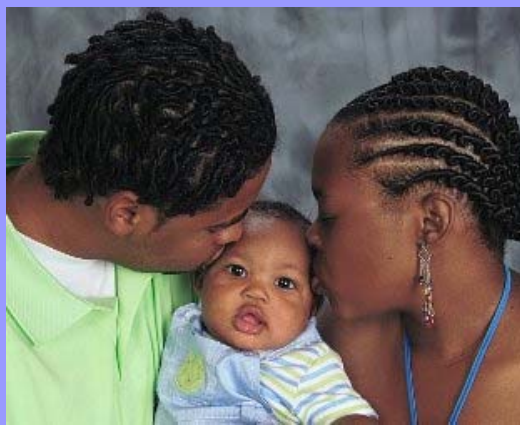


C O M M I T T E D T O S E R V E



our children



our families



our community

*In response to God's love and grace
in Jesus Christ, Lutheran Child &
Family Services serves human needs
with the support of the church and
the community by providing
programs of compassionate care
and counsel to enhance dignity
and quality of life.*



Board President's Report



We have made a commitment to our stakeholders that Lutheran Child & Family Services will be known as the child welfare agency of choice that is dedicated to providing a continuum of strength based services that produce positive outcomes for families.

We also are committed to being a

great steward of all our assets including human, financial and physical resources. Ultimately our goal is to be praised by children, families and the community at large for embracing and celebrating partnerships that will improve the quality of life for many in our communities.

The changes that began last year gave us many things to celebrate this year. In 2007, our agency received a four-year re-accreditation from the Council on Accreditation. This process involved an in-depth examination of our compliance and best practice standards as well as a review of such organizational standards as human resources, financial and risk management and continuous quality improvement.

We are also excited to report that 90% of our students' reading scores increased and 78% of their reading scores increased by more than two grade levels. Furthermore, despite a decrease in public funding, we served more children and families than the previous year. We were able to accomplish these results through trimming back our expenses. We reduced operating expenses by more than one million dollars over last year's actual expenses and we instituted cost control measures to maximize how and where we distribute our resources. While we reduced operating expenses, we increased our staff ratios to assure that we were serving children and families in superb fashion.

Board members and the executive leadership team took considerable time this past summer to develop a holistic strategy for improving the delivery of our critical services to children and families. While Phase I of the new state-of-the-art residential facility was nearing completion, a new vision for higher levels of program excellence was being conceived: Vision 2008. This new strategic plan will be implemented by an exceptional management and clinical team with more than 150 years of combined caring experience. We are optimistic about our plans moving forward.

Our vision for the 2008 fiscal year will focus on increasing our status as a premier provider of critical services to children and families throughout the State of Indiana. We began a journey that is leading our agency to new standards of care and distinction with the creation of our six new program centers. Designed to serve youth with specific needs, these programs will facilitate self awareness, focus on improving decision making skills and build confidence to empower youth to change behaviors that will lead to healthier relationships and improved resiliency.

The annual report highlighted in the upcoming pages reflects our successes and challenges and provides a window into our vision for the future. As we look toward the opening of our new Lutherwood facility and the start of Phase II of our building campaign, we anticipate exciting opportunities in 2008.

A handwritten signature in black ink, reading "Lew Lundberg".

To God be the glory,
Lew Lundberg
President, Board of Directors

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Residential Treatment Program

Youth served in residential care: 156
Youth discharged from residential care: 105
Returned home or to the care of a relative: 59%
Discharged to foster care or adoptive home: 12%
Discharged to a group home or apartment: 2%
Discharged to a facility higher level of care: 27%
Average length of stay: 170 days

Upon completion of the dormitories and chapel in late 2007, Lutheran Child & Family Services realized its dream of revitalizing the campus and ministries. Our children and staff look forward to moving into the new the facility in early 2008 and beginning construction of our Family Strengthening Center. Completion of the Family Strengthening Center is expected in the summer of 2009.

Clinical Accomplishments:

- A new clinical team structure was established to enhance and strengthen program effectiveness and specialization
- Clinical staff began training to be certified for specialized intervention, care and treatment of sexually maladaptive youth
- Residents participated in support groups to address social skills, anger management and addiction
- Family assessments were added to increase family involvement in the treatment planning process for each child
- The clinical staffing increased by 100% to better support children in our care
- Renewed emphasis on recreation as an integral part of each child's treatment plan



Lutherwood Education Academy

Students qualified for special education: 76%
Average daily attendance rate: 67%
Students attended off-campus classes at Indianapolis Public Schools: 9
Lutherwood students improved their reading skills through use of the Read 180 program: 90%
Lutherwood students raised their Read 180 scores by two levels: 78%

Lutherwood Education Academy provided a full day of educational programming for 165 students from Lutherwood and Indianapolis Public Schools as well as Perry Township and Noblesville School District.

By participating in a variety of recreational activities, children improved their social and physical skills and overall behavior while learning how to cooperate and be members of a team.



Community-based Programs

Community-based programs are designed to provide intervention, prevention or material assistance to clients directly in their homes or within the community.

Services include:

- Adoption/Foster Care Services
- Youth Mentoring
- Parenting Education
- The Sharing Place (East and West)

Adoption/Foster Care

Number of families prepared for adoption/foster care:	83
International adoption home studies and placement services clients:	75

In 2007, Lutheran Child & Family Services contracted with the Indiana Department of Child Services to provide family preparation services to families who wanted to adopt and/or provide foster care for special needs children in Marion, Montgomery, Putnam, Boone, Hendricks, Morgan, Henry, Rush, Wayne, Fayette, Union and Franklin counties.

Most special needs children are of school age and suffer from a variety of emotional and mental health issues. Lutheran Child & Family Services provides specialized training to prospective foster or adoptive families to help them understand the challenges of bringing a special needs child into their homes. Parents considering adoption are also encouraged to establish a mentoring relationship with the child prior to placement.

Lutheran Child & Family Services follows all state laws and regulations in the provision of home studies and is a Licensed Child Placing Agency in the State of Indiana. All home studies conducted by the agency are regulated by the United States Bureau of Citizenship and Immigration Services (BCIS).

Parenting Education

Individuals served:	99
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The parenting program at Lutheran Child & Family Services is open to anyone caring for a child. Those who enroll in the eight-week, rotating class schedule can join at any time. Classes focus on:

- Appropriate discipline
- Child development
- Effects of abuse on children
- Stress management
- Family strengths
- Bonding and attachment
- Identification of community resources
- Positive communication

The program serves not only the parents of Lutherwood children and participants in the Family Preservation program, but also referrals from the Marion County Office of Family and Children, Chrysalis Academy, Indiana Women's Prison and privately paying individuals attending voluntarily. Many of the participants are in the midst of family crises arising from issues such as abuse, neglect, homelessness, chemical dependency, mental illness, parenting as a grandparent and teen pregnancy.

Mentoring

Number of youth matched with mentors:	23
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The mentoring program helped Lutherwood children and teens prepare to live in the community again. It also gives potential foster or adoption parents the opportunity to get to know the youth before taking the next step.

The Sharing Place

Individuals served:	29,730
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Members of the Women's Auxiliary established The Sharing Place in 1971 to support the clothing needs of children at Lutherwood. When the group solicited in-kind donations from the community, the response was overwhelming and prompted them to offer the surplus to needy families. Within a few years, The Sharing Place evolved to include clothing banks, food pantries and thrift stores serving families on the east and west sides of Indianapolis. This volunteer-driven ministry continues to meet the basic clothing and food needs of low income families, which allows them to use their limited resources for other necessities.

Services:

- The annual "Ready, Set, Learn!" back-to-school program provided new school supplies to students from kindergarten through high school.
- In response to a 2007 mandate from Indianapolis Public Schools requiring student uniforms, The Sharing Place provided uniforms to students at Lutherwood Education Academy and to children referred by other organizations.
- The "Christmas Store" allowed families in need to experience the dignity and joy of selecting free Christmas gifts for their loved ones.
- Triage services, needs assessment and resource referral were offered to clients who made repeated visits for food or clothing.

In an effort to reduce service duplication and improve efficiency of social service delivery on the east side of Indianapolis, The Sharing Place sought additional governmental and community collaboration opportunities by partnering with the Warren Township Board of Trustees to create and strengthen resource linkage among the various agencies.

Family Preservation Services

Referrals received:	315
Families served:	310
Individuals served:	1,090

Outcomes:

- 92% of all families referred had an improvement in family functioning
- 96% of families had no new incidences of child abuse or neglect reported
- 100% of all respondents (children, families and referral sources) who completed satisfaction surveys rated services as very good or excellent.

The Family Preservation program has provided community-based services to children and families for more than 11 years. In collaboration with Gallahue Mental Health (Community Health Network), the program provided intensive, family centered, strength based and culturally relevant care to children and families referred by the Marion County Department of Child Services and Marion County Juvenile Probation Department.

These services were provided in homes, schools and communities and were flexible and accommodating to the family's needs and schedules. Interventions included individual and family therapy, case management, assistance with basic needs, advocacy with multiple child serving systems, as well as service referral and linkage. Crisis management services are available 24 hours per day, 7 days per week to support Family Preservation families.

Family Preservation Services include:

- Intensive Family Preservation
- Intensive Family Reunification
- Home Based Counseling
- Home Based Case Management
- Specialized Home Based Counseling for Sexual Abuse Victims
- Specialized Home Based Counseling for Sexual Offenders
- Community Integration Services for Sexual Offenders
- Services to youth returning to the community from the Indiana Department of Corrections
- Services to Choices, Inc.-Dawn Project.

Trinity House

Total number of male youth served:	10
Successful discharges*:	9

*Youth successfully completed the independent living skills regimen and moved to a less restrictive placement

Trinity House is a group home that accommodates up to 8 young men ages 14-21 who are learning the skills necessary to live as independent adults. Most commonly, they will soon age out of the foster care system, and are "stepping down" from residential placement (Lutherwood or similar facility), or expect to be entirely self-sufficient when they are discharged.

The independent living program is a multi-faceted program designed to work with youth on a step-by-step basis to foster successful independence and transition into the community as adults. The program offers a high level of structure in a family-style environment to support and guide residents as they enter the workforce and become independent for the first time.

Focus is placed on these key areas:

- Accessing community resources
- Daily living skills
- Education
- Financial management
- Recreation
- Self care
- Therapeutic services

In addition to learning the skills needed to function independently, each resident works on his social development as well as his work and study habits. Each resident must be enrolled in an educational and/or vocational program or be employed. Everyone is expected to participate in volunteer activities in the community on a regular basis.

Spiritual Growth

Average attendance at Sunday chapel gatherings:	15
Average weekly attendance at bible studies:	40
Number of students for pastoral counseling:	15

Rev. Bob Hall continued in his role as chaplain and spiritual advisor not only for the children of Lutherwood but also for staff throughout the agency. His ministry revolved around sharing the love of Jesus through weekly bible studies and devotions, chapel on Sundays and holidays and pastoral counseling.

Volunteer Resources

The numbers of individuals and groups who donated their time and talent to the ministries of Lutheran Child & Family Services demonstrated the increased community awareness of volunteer opportunities with the agency.

Volunteer opportunities included:

- Adopt-A-Dorm at Lutherwood
- Advisory boards and committees
- Christmas activities
- Mentoring
- Office rescue
- Special events
- The Sharing Place (East and West)
- Tutoring

Total number of volunteers:	516
Total volunteer hours:	24,411
Total value equivalent*:	\$476,258.61

* In 2007, the Independent Sector announced that the estimated value of a volunteer hour was \$19.51. (This time is based on the average hourly earnings of all production and non-supervisory workers on private non-farm payrolls (as determined by the Bureau of Labor Statistics). Independent Sector takes this figure and increases it by 12 percent to estimate for fringe benefits.)

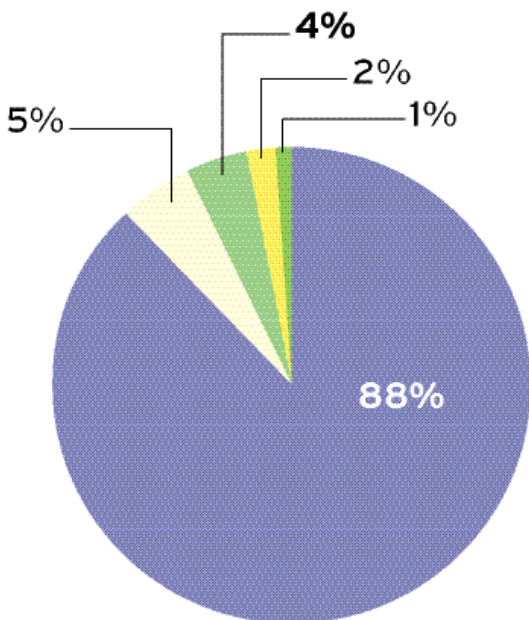
Continuous Quality Improvement

The Continuous Quality Improvement (CQI) team at Lutheran Child and Family Services constantly monitored policy and risk management of the agency. It worked with nearly every department on campus to identify and monitor high-risk or problem-prone areas. Team members tracked any critical incident that occurred, guided internal investigations, noted trends and communicated the information on a weekly basis to the executive director and others in leadership positions.

The CQI team focused on establishing and maintaining practical action plans to ensure constant improvement of care for those we serve, which helped maintain accreditation status by the Council on Accreditation. Frequent review of policies and procedures was also extremely important in order to maintain a consistent foundation and framework for the treatment and care of our children.

Income & Expenses

Income



Expenses

