

Friends of Karen Headquarters
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Friends of Karen/Long Island Office
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Port Jefferson, NY 11777
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Dear Friends,

As we look back on the ups and downs of 2008, our hearts are filled with gratitude to all the people who helped us ease the financial and emotional burdens our families face. Despite the Great Recession of 2008, hundreds of supporters put aside their own worries to join a bike tour, participate in a golf tournament, or attend a cocktail party to raise money for Friends of Karen. Other supporters sorted toys, purchased school supplies or provided Thanksgiving Dinner for our families.

Every day, we are inspired by the kindness and generosity of people who want to help families they haven't even met. Some of our supporters have been in the same shoes as our families, but many have not. They simply want to help families caring for a seriously ill child pay a bill or receive emotional support. All of our supporters, whatever their motivation, see the value of the critical services we provide. They understand the positive impact a surprise birthday gift for a sick child or a new backpack for his sibling can have on the families we serve.

We hope that by reading this Annual Report, you get an understanding of the special children and families we help. We also hope you see how and where we spend the valued donations we receive from foundations, corporations, community groups and individuals. These contributions help us expand our services, add new programs and increase our support. We invite you to join our circle of Friends and enable us to fulfill the noble mission our founder Sheila Petersen established for Friends of Karen 30 years ago: To provide a lifeline to critically-ill children and their families.

Thank you for your time and consideration.

With kind regards,

Judith Factor
Executive Director

Beth Leventhal
Board President



30 Years of Caring

How One Friend Started It All

In November of 1978, Barbara and Angus MacInnes faced a devastating situation. Their 16-year-old daughter Karen was dying from a rare illness called Lafora's Disease. Karen had been lying in a hospital room for 10 months but sadly, there was nothing more the hospital could do. Barbara and Angus wanted Karen to spend her final days at home, but Karen's care had exhausted the family's health insurance and Karen would lose her handicapped child Medicaid coverage once she returned home.



This big smile belongs to Aidan, who was diagnosed with Leukemia when he was five years old. Friends of Karen has provided emotional and financial support to Aidan and his family, helping to cover such household expenses as rent, food, phone and utilities. Aidan has received holiday gifts through our Adopt-a-Family program, visits from social workers and more.

Sheila Petersen, a friend and neighbor, observed the family's dilemma and felt called to action. She decided to reach out to friends in the community to rally financial and emotional support for the family. The community responded with an open heart, and in so doing, sowed the seeds for the formation of Friends of Karen, which incorporated in 1983 and went on to help thousands of other families who had a child facing a life-threatening disease. Fortunately, neighbors across the tri-state area still want to help families facing this tragic situation. The legacy of Sheila's compassion lives on today, 30 years later.

Continuing the Friends of Karen Mission

From one to 10,000. Friends of Karen started out by helping one special child, Karen MacInnes and her family. Over the course of 30 years, the organization has helped 10,000 children including those facing a life-threatening illness and their siblings. Our professional staff has grown to 19 and includes social workers who interact with doctors and nurses at 25 hospitals in the tri-state area. We now have three offices (in Manhattan, Westchester and Long Island) and work with families in 22 counties in New York,

New Jersey and Connecticut. Sheila Petersen raised \$35,000 in 1978 to help Karen's family. Today, the organization is a \$3 million enterprise that helps nearly 1,300 children a year.

HIGHLIGHTS OF THE 2008 FISCAL YEAR

Monthly Support to Families Nearly Doubles

Friends of Karen increased support of direct family expenses to \$100,000 a month in 2008, nearly double the average monthly disbursement of \$55,000 in 2007.

New Executive Director Named

Judith Factor brings more than 25 years of experience in Development and Fundraising to the top post.

30th Anniversary Celebration

In October 2008, 300 people gathered to celebrate our 30 Years of Caring, raising \$320,000 for the organization.

Four Stars from Charity Navigator

The country's most respected evaluator of charities awarded the organization an Exceptional Four-Star rating, noting that Friends of Karen "outperforms most other charities in America."

FOK Launches Outreach Program for Siblings

As part of the organization's mission to help entire families, FOK has hired an expressive arts therapist to work with the at-risk siblings of our children facing a life-threatening illness.

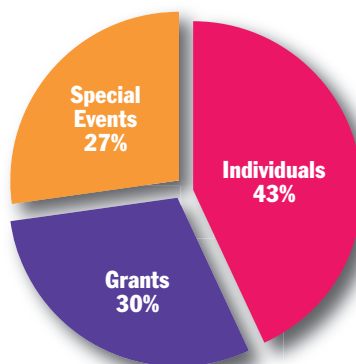
Dozens of special events yield nearly \$800,000

From the Long Island Marathon to the Evening at Tribeca Rooftop, from The 15th Annual Children's Corporate Challenge to our Young Professionals Committee Benefit, these fundraising events brought in thousands of dollars to help our families.

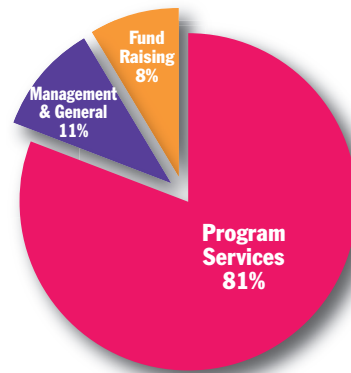
Financial Highlights

Fiscal Year ended
March 31, 2009 - Audited

TOTAL SUPPORT AND REVENUE



TOTAL EXPENSES



SUPPORT AND REVENUE

Individuals	\$1,254,411
Grants	\$866,256
Special Events (net of direct costs)	\$785,227
Total Operating Revenue	\$2,905,894

EXPENSES

Program Services	\$2,444,342
Management and General	\$320,472
Fundraising	\$256,310
Total Operating Expenses	\$3,021,124
Change in net assets before investments	\$(115,230)
Investment Income (Loss)	\$(472,029)
Net Assets Beginning of Year	\$5,067,417
Net Assets End of Year	\$4,480,158



More than 80 percent of Friends of Karen's income goes directly to family program services.

How You Can Help

Your gift will be put to good use. Our direct support to families covers many essential expenses including rent, mortgage payments and electric bills. We help families cover expenses not paid by health insurance and will provide money for meals and transportation to hospital visits, wheelchairs and other medical equipment. But we are more than just bill-payers. Our social workers advocate for families and provide emotional support to ill children and their siblings.

We tailor our assistance to the specific needs of each family. We have even stepped in to renegotiate a mortgage so that the parents and children could all remain in their own home during this challenging time.

To find out about specific ways you can contribute, check out our website at www.friendsofkaren.org.

In the meantime, consider making a donation, organizing a special event, becoming a corporate sponsor, and volunteering for one of our many service projects. Give us a call at (914) 277-4547 to get on our mailing list and find out the many different ways you too can become a Friend!



Volunteer Nancy Alger helps out in our Adopt-a-Family program.