



**RANDLE & ASSOCIATES, LLC**  
**Certified Public Accountants**

**KIDS IN THE MIDDLE, INC.**

Financial Statements

December 31, 2009 and 2008

(With Independent Auditors' Report Thereon)



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Kids in the Middle, Inc.

We have audited the accompanying statements of financial position of Kids in the Middle, Inc. (a nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Kids in the Middle, Inc. as of December 31, 2009 and 2008, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2010, on our consideration of Kids in the Middle, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Randle & Associates, LLC, CPAs*

Florissant, Missouri  
June 11, 2010

KIDS IN THE MIDDLE, INC.  
 Statements of Financial Position  
 December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 285,146	\$ 325,307
Unconditional promises to give	242,027	247,091
Pledges receivable	1,989	5,000
Accounts receivable (net)	12,166	3,888
Deposits	-	4,400
Prepaid expenses	8,929	5,578
Total current assets	<u>550,257</u>	<u>591,264</u>
Fixed assets - net	24,750	35,264
Total Assets	<u>\$ 575,007</u>	<u>\$ 626,528</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 395	\$ 6,920
Accrued salaries and related liabilities	55,523	40,193
Note payable	-	5,109
Total current liabilities	<u>55,918</u>	<u>52,222</u>
Net assets		
Unrestricted	205,422	282,771
Temporarily restricted	308,667	286,535
Permanently restricted	5,000	5,000
Total Net Assets	<u>519,089</u>	<u>574,306</u>
Total Liabilities and Net Assets	<u>\$ 575,007</u>	<u>\$ 626,528</u>

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

KIDS IN THE MIDDLE, INC.  
Statement of Activities  
For the Year Ended December 31, 2009 and 2008

	2009			2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE</b>							
Public support:							
Contributions	\$ 95,238	\$ 37,489	\$ -	\$ 177,545	\$ 34,155	\$ -	\$ 211,700
In-kind	360	-	360	1,379	-	-	1,379
United Way	4,955	242,027	-	3,281	247,091	-	250,372
Revenue:							
Fees for services:							
Local government fees	276,482	-	-	260,649	-	-	260,649
Client fees	241,281	-	-	227,469	-	-	227,469
Special events	236,573	-	-	251,857	-	-	251,857
Interest income	2,613	-	2,613	8,705	-	-	8,705
Other	1,111	-	1,111	910	-	-	910
Total	<u>858,613</u>	<u>279,516</u>	<u>-</u>	<u>931,795</u>	<u>281,246</u>	<u>-</u>	<u>1,213,041</u>
Net assets released from restrictions	257,384	(257,384)	-	285,031	(285,031)	-	-
Total support and revenue	<u>1,115,997</u>	<u>22,132</u>	<u>-</u>	<u>1,216,826</u>	<u>(3,785)</u>	<u>-</u>	<u>1,213,041</u>
<b>EXPENSES:</b>							
Program Services							
Agency services	689,675	-	-	606,448	-	-	606,448
School services	241,858	-	-	240,030	-	-	240,030
Court program	29,087	-	-	39,925	-	-	39,925
Community education	21,619	-	-	27,285	-	-	27,285
Supporting Services							
Management and general	79,375	-	-	108,729	-	-	108,729
Fundraising expenses	131,732	-	-	138,241	-	-	138,241
Total expenses	<u>1,193,346</u>	<u>-</u>	<u>-</u>	<u>1,160,658</u>	<u>-</u>	<u>-</u>	<u>1,160,658</u>
Change in net assets	(77,349)	22,132	-	56,168	(3,785)	-	52,383
Net assets, beginning of year	282,771	286,535	5,000	226,603	290,320	5,000	521,923
Net assets, end of year	<u>\$ 205,422</u>	<u>\$ 308,667</u>	<u>\$ 5,000</u>	<u>\$ 282,771</u>	<u>\$ 286,535</u>	<u>\$ 5,000</u>	<u>\$ 574,306</u>

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

KIDS IN THE MIDDLE, INC.  
 Statements of Cash Flows  
 For the Year Ended December 31, 2009 and 2008

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (55,217)	\$ 52,383
Adjustments to reconcile change in net assets :		
Depreciation	13,595	12,018
Increase in accounts receivable	(8,277)	(481)
Decrease in pledges receivable	3,011	9,600
Decrease in promises to give	5,064	1,500
(Increase)/Decrease in prepaid expenses	(3,351)	2,476
(Increase)/Decrease in deposits	4,400	(3,900)
Increase in accounts payable and accrued expenses	8,805	32,299
Net cash (used) provided by operating activities	(31,970)	105,895
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of equipment	(3,082)	(14,825)
Net cash used by investing activities	(3,082)	(14,825)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on loan	(5,109)	(5,572)
Net cash used by financing activities	(5,109)	(5,572)
Net Increase/(Decrease) in cash and cash equivalents	(40,161)	85,498
Cash and cash equivalents - beginning of year	325,307	239,809
Cash and cash equivalents - end of year	\$ 285,146	\$ 325,307

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

KIDS IN THE MIDDLE, INC.  
NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 1 – Summary of Significant Accounting Policies

Nature of Activities

Kids in the Middle, Inc. (the “Organization”) is a not-for-profit organization formed for the primary purpose of providing services for children and parents experiencing the effects of separation, divorce and remarriage. The Organization is supported primarily through agency based services, contributions, grants, and the United Way.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization presents its financial statements in accordance with the Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 117, “*Financial Statements of Not-for-Profit Organizations.*” Under SFAS No. 117, the Organization 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.

Contributions

Under SFAS No. 116, “*Accounting for Contributions Received and Contributions Made,*” contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Fixed Assets

Fixed assets are stated at cost, if purchased and fair value at the time of donation, if donated. Maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets ranging from 3 to 10 years.

KIDS IN THE MIDDLE, INC.  
NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 1 – Summary of Significant Accounting Policies (continued)

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that relate directly to a specific program or support service are allocated according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical methods.

Contributed Services

Contributed services are recognized at fair value if the services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Accordingly, the value of legal services provided to the Organization has been recorded in the financial statements at their fair values. Many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Estimates

The preparation of financial statements in conformity with 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.

Income Tax Status

Kids in the Middle, Inc. is tax-exempt under Section 501c (3) of the Internal Revenue Service Code. As such, the Organization is only taxed on income from any activities unrelated to its charitable purpose. The Program did not have any unrelated business income for 2009 and 2008; therefore, the statements do not include any provision for income taxes.

NOTE 2 – Concentration of Credit Risk

Kids in the Middle, Inc. maintain cash balances at several financial institutions located in Missouri. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2009 and 2008, the Organization's cash balances were fully insured.

NOTE 3 – Accounts Receivable

The Organization has receivables related to fees from clients for services performed. An allowance for these receivables is included in the statement of financial position as a reduction in accounts receivable. The allowance is based on prior years' experience and management's analysis.

KIDS IN THE MIDDLE, INC.  
NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 4 – Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Unconditional promises to give at December 31, 2009 and 2008 consist of United Way funding.

NOTE 5 – Fixed Assets

Fixed assets consist of the following at December 31,

	2009	2008
Furniture and equipment	\$ 66,481	\$ 63,399
Software and license	24,530	24,530
Accumulated depreciation	<u>(66,261)</u>	<u>(52,665)</u>
	\$ <u>24,750</u>	\$ <u>35,264</u>

Depreciation charged against revenues amounted to \$13,595 and \$12,017 during the year ended December 31, 2009 and 2008, respectively.

NOTE 7 – Lease Commitments

The Organization is a lessee under an operating lease for its administrative and main service facility expiring July 2009. During the year, the Organization exercised one of its two lease extensions which extended the period from August 1, 2009 through July 31, 2010. Rental expense for the year totaled \$52,600. Following is a schedule of required future minimum lease payments as of December 31, 2009:

Year Ended December 31,	Amount
2010	\$ <u>28,700</u>
Total	\$ <u>28,700</u>

KIDS IN THE MIDDLE, INC.  
NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 8 – Restrictions on Assets

Temporarily restricted net assets relate to contributions and promises to give for program services and events in future years. Temporarily restrictions on net assets are as follows:

	2009	2008
For future operations and events	\$ 300,667	\$ 280,085
For scholarship fund	<u>8,000</u>	<u>6,450</u>
	\$ <u>308,667</u>	\$ <u>286,535</u>

NOTE 9 – Letter of Credit

The Organization has an open-end letter of credit in the amount of \$50,000. Advances on the letter of credit are subject to finance charges from the date of transaction to the date payment is made to the lender. The periodic rate of the finance charge is subject to change, based on the value of prime rate index. No balance was outstanding as of December 31, 2009 and 2008.

NOTE 10 – Retirement Plan

The Organization offers employees the opportunity to participate in a Simple Plan. The Organization matches employees' contribution up to a limit of 3% of the employee's compensation for the calendar year. Retirement plan expense for the calendar year 2009 and 2008 was \$18,379 and \$14,879, respectively.

## SUPPLEMENTAL INFORMATION



**Randle & Associates, LLC**  
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT  
ON ADDITIONAL INFORMATION

Board of Directors  
Kids in the Middle, Inc.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Randle & Associates, LLC, CPAs*

Florissant, Missouri  
June 11, 2010

**KIDS IN THE MIDDLE, INC.**  
Statement of Functional Expenses  
For the Year Ended December 31,

	Program Services					Supporting Services			2009		2008	
	Agency Services	School Services	Court Program	Community Education	Management and General	Special Events/Fundraising	2009		2008			
							Total	Total	Total	Total		
Salaries	\$ 449,237	\$ 190,354	\$ 22,843	\$ 15,228	\$ 38,071	\$ 45,685	\$ 761,418	\$ 730,656				
Employee benefits	47,880	20,288	2,435	1,623	4,058	4,869	81,153	74,588				
Payroll taxes	33,076	14,015	1,682	1,121	2,803	3,364	56,061	58,436				
Professional fees	32,586	3,008	376	787	12,936	7,060	56,753	44,555				
Supplies	25,037	6,871	67	286	1,868	488	34,617	21,685				
Telephone and long distance	3,062	192	38	72	360	108	3,832	4,100				
Postage and shipping	1,750	105	21	54	338	112	2,380	3,328				
Occupancy	55,396	3,460	725	1,300	6,478	1,956	69,315	75,993				
Equipment rental and maintenance	15,623	881	501	331	1,726	4,885	23,947	5,465				
Printing and publications	963	197	9	17	190	25	1,401	6,334				
Conferences and meetings	2,014	691	3	83	2,972	8	5,771	11,031				
Membership dues	1,220	-	-	-	200	-	1,420	1,520				
Travel expense	378	544	136	211	153	249	1,671	2,781				
Miscellaneous	55	-	-	36	589	400	1,080	1,212				
Bad debt	-	-	-	-	-	-	-	150				
Public relations and marketing	5,792	284	57	107	3,476	160	9,876	23,519				
Insurance	4,598	288	58	108	1,879	162	7,093	6,950				
Special events/fundraising	145	-	-	-	-	61,818	61,963	76,337				
Depreciation	10,863	680	136	255	1,278	383	13,595	12,018				
<b>Total</b>	<b>\$ 689,675</b>	<b>\$ 241,858</b>	<b>\$ 29,087</b>	<b>\$ 21,619</b>	<b>\$ 79,375</b>	<b>\$ 131,732</b>	<b>\$ 1,193,346</b>	<b>\$ 1,160,658</b>				

See accountants' report and notes to financial statements.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of  
Kids in the Middle, Inc.

We have audited the financial statements of Kids in the Middle, Inc. (a nonprofit organization) as of and for the year ended December 31, 2009, and have issued our report thereon dated June 11, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Kids in the Middle, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kid's in the Middle's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kids in the Middle, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of Directors, and funding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Randall & Associates, LLC, CPAs*

Florissant, MO  
June 11, 2010