



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

**KIDS IN THE MIDDLE, INC.**

Financial Statements

December 31, 2021 and 2020

(With Independent Auditors' Report Thereon)

**KIDS IN THE MIDDLE, INC.**

FINANCIAL STATEMENTS

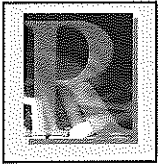
December 31, 2021 and 2020

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## **RANDLE & ASSOCIATES, LLC, CPA**

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Florissant, MO 63033

### **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Kids In The Middle, Inc.

#### **Opinion**

We have audited the accompanying financial statements of Kids In The Middle, Inc. (a nonprofit organization), which comprise of the statement of financial position as of December 31, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kids In The Middle, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kids In The Middle, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kids In The Middle, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kids In The Middle, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Randall & Associates, LLC, CPAs*

Florissant, Missouri

March 29, 2022

KIDS IN THE MIDDLE, INC.  
 Statements of Financial Position  
 December 31, 2021 and 2020

	2021	2020
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 476,648	\$ 499,678
Investments	-	2,607
Unconditional promises to give	193,513	230,601
Accounts receivable	38,633	16,078
Prepaid expenses and deposits	25,255	27,229
Total current assets	734,049	776,193
Cash restricted for scholarship	3,834	7,619
Fixed assets - net	54,855	69,670
Total Assets	\$ 792,738	\$ 853,482
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 4,289	\$ 4,452
Accrued salaries and related liabilities	42,648	52,746
Accrued interest	-	1,317
Deferred revenue	-	50,576
Notes payable - current portion	-	-
Total current liabilities	46,937	109,091
Deferred rent	8,716	17,432
Notes payable - non-current portion	-	188,200
Total Liabilities	\$ 55,653	\$ 314,723
Net Assets		
Without donor restrictions		
Investment in fixed assets	54,855	69,670
Operations	487,553	275,433
Total without donor restrictions	542,408	345,103
With donor restrictions	194,677	193,656
Total Net Assets	737,085	538,759
Total Liabilities and Net Assets	\$ 792,738	\$ 853,482

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

KIDS IN THE MIDDLE, INC.  
Statements of Activities

For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>						
Public support:						
Contributions	\$ 279,466	\$ 13,694	\$ 293,160	\$ 352,336	\$ 11,100	\$ 363,436
In-kind donations	6,879	-	6,879	1,804	-	1,804
Governmental grant PPP	385,911	-	385,911	-	-	-
United Way	-	190,843	190,843	-	186,037	186,037
Revenue:						
Fees for services:						
Local government fees	307,341	-	307,341	271,368	-	271,368
Client fees	183,473	-	183,473	162,497	-	162,497
Special events (net of direct expenses of \$59,451 and \$36,317)	114,222	-	114,222	50,810	-	50,810
Realized loss on investments	(90)	-	(90)	(22)	-	(22)
Unrealized gain on investments	-	-	-	30	-	30
Net investment income	102	1	103	353	4	357
Other	910	-	910	1,190	-	1,190
Total	1,278,214	204,538	1,482,752	840,366	197,141	1,037,507
Net assets released from restrictions	203,517	(203,517)	-	246,976	(246,976)	-
Total support and revenue	1,481,731	1,021	1,482,752	1,087,342	(49,835)	1,037,507
<b>EXPENSES:</b>						
Program Services						
Agency based services	907,703	-	907,703	840,349	-	840,349
Court programs	24,490	-	24,490	29,469	-	29,469
Community education and outreach	16,260	-	16,260	29,399	-	29,399
Total program services	948,453	-	948,453	899,217	-	899,217
Supporting Services						
Management and general	187,421	-	187,421	192,412	-	192,412
Development and fundraising	148,552	-	148,552	170,069	-	170,069
Total supporting services	335,973	-	335,973	362,481	-	362,481
Total expenses	1,284,426	-	1,284,426	1,261,698	-	1,261,698
Loss on disposal of fixed assets	-	-	-	6,718	-	6,718
Change in net assets	197,305	1,021	198,326	(181,074)	(49,835)	(230,909)
Net assets, beginning of year	345,103	193,656	538,759	526,177	243,491	769,668
Net assets, end of year	542,408	194,677	737,085	345,103	193,656	538,759

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

KIDS IN THE MIDDLE, INC.  
Statements of Cash Flows  
For the Years Ended December 31, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ <b>198,326</b>	\$ (230,909)
Adjustments to reconcile change in net assets :		
Depreciation and amortization	<b>22,778</b>	21,369
Loss on disposal of fixed assets	-	6,718
PPP loan forgiveness	<b>(383,177)</b>	-
Realized and unrealized (gain)/loss on investments	<b>90</b>	(30)
(Increase)/decrease in accounts receivable	<b>(22,555)</b>	3,303
Decrease in promises to give	<b>37,088</b>	17,201
Decrease in prepaid expenses	<b>1,974</b>	2,847
Decrease in deferred rent	<b>(8,716)</b>	(8,716)
Increase/(decrease) in deferred revenue	<b>(50,576)</b>	50,576
Donated securities	<b>(15,781)</b>	(2,577)
Decrease in accounts payable and accrued expenses	<b>(11,578)</b>	(9,292)
Net cash used in operating activities	<b>(232,127)</b>	(149,510)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	<b>18,298</b>	5,952
Purchase of fixed assets	<b>(7,963)</b>	(28,537)
Net cash provided by/ (used) in investing activities	<b>10,335</b>	(22,585)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Payroll Protection Program loan	<b>194,977</b>	188,200
Principal payments on loan	-	(1,598)
Net cash provided by financing activities	<b>194,977</b>	186,602
Net increase/ (decrease) in cash and cash equivalents	<b>(26,815)</b>	14,507
Beginning cash, cash equivalents, and restricted cash	<b>507,297</b>	492,790
Ending cash, cash equivalents, and restricted cash	<b>\$ 480,482</b>	<b>\$ 507,297</b>

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

KIDS IN THE MIDDLE, INC.  
Statement of Functional Expenses  
For the Year Ended December 31, 2021

	Program Services			Supporting Services		2021 Total
	Agency Based Services	Court Programs	Community Education & Outreach	Management and General	Development and Fundraising	
Salaries	\$ 440,673	\$ 16,131	\$ 8,875	\$ 133,338	\$ 96,761	\$ 695,778
Employee benefits	52,117	2,828	2,371	17,309	10,207	84,832
Payroll taxes	33,037	1,207	690	9,811	7,546	52,291
Occupancy	179,595	2,018	2,018	12,108	6,053	201,792
Technology	40,781	1,535	1,535	7,877	11,345	63,073
Professional fees	82,277	155	155	1,651	465	84,703
In-kind services	6,879	-	-	-	-	6,879
Supplies	4,993	20	20	223	141	5,397
Liability Insurance	17,125	192	192	1,154	577	19,240
Marketing	14,647	-	-	-	1,020	15,667
Board/volunteer	508	6	6	34	17	571
Printing	179	-	-	-	-	179
Staff expenses	7,324	50	50	302	541	8,267
Phone	4,326	200	200	998	932	6,656
Postage	471	5	5	32	16	529
Equipment maintenance	1,385	1	1	7	4	1,398
Other fund development expenses	-	-	-	-	10,461	10,461
Depreciation and amortization	21,241	140	140	838	419	22,778
Miscellaneous	145	2	2	322	2,047	2,518
Interest expense	-	-	-	1,417	-	1,417
Total	<u>\$ 907,703</u>	<u>\$ 24,490</u>	<u>\$ 16,260</u>	<u>\$ 187,421</u>	<u>\$ 148,552</u>	<u>\$ 1,284,426</u>

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



KIDS IN THE MIDDLE, INC.  
Statement of Functional Expenses  
For the Year Ended December 31, 2020

	Program Services			Supporting Services			2020 Total
	Agency Based Services	Court Programs	Community Education & Outreach	Management and General	Development and Fundraising		
Salaries	\$ 436,756	\$ 20,870	\$ 21,333	\$ 139,734	\$ 117,043	\$	735,736
Employee benefits	55,676	2,495	2,146	16,256	9,159		85,732
Payroll taxes	33,498	1,565	1,610	10,376	8,749		55,798
Occupancy	178,169	2,002	2,002	12,011	6,006		200,190
Technology	38,393	1,379	1,379	5,907	9,525		56,583
Professional fees	32,077	202	202	1,994	603		35,078
In-kind services	1,805	-	-	-	-		1,805
Supplies	8,557	32	32	226	110		8,957
Liability Insurance	16,475	185	185	1,110	555		18,510
Marketing	2,879	2	2	12	1,146		4,041
Board/volunteer	602	7	7	41	20		677
Printing	1,670	5	5	31	15		1,726
Staff expenses	4,989	272	43	358	987		6,649
Phone	5,456	237	237	1,028	949		7,907
Postage	1,012	7	7	44	181		1,251
Equipment maintenance	2,881	32	32	172	107		3,224
Other fund development expenses	-	-	-	-	11,766		11,766
Depreciation and amortization	19,416	177	177	1,067	532		21,369
Miscellaneous	38	-	-	698	2,616		3,352
Interest expense	-	-	-	1,347	-		1,347
Total	\$ 840,349	\$ 29,469	\$ 29,399	\$ 192,412	\$ 170,069	\$	1,261,698

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

**KIDS IN THE MIDDLE, INC.**  
FINANCIAL STATEMENT NOTES  
December 31, 2021 and 2020

**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 purpose of providing services for children and parents experiencing the effects of separation, divorce, remarriage and other family transitions. The Organization is supported primarily through client fees, 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 assets and liabilities.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions: Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets with Donor Restrictions: Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restriction unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations or donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization currently has a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

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.

The Organization’s cash and cash equivalents consist of demand accounts, cash management funds and money market accounts. Cash and cash equivalents are stated at fair value. Earnings on the cash and equivalents are reflected in the statement of activities.

**KIDS IN THE MIDDLE, INC.**  
FINANCIAL STATEMENT NOTES – Continued

**NOTE 1 – Summary of Significant Accounting Policies (continued)**

Investments

Investments are reported at fair value. For contributed investments, fair value of the gift is determined by the market value at the date of donation.

Fair Value Measurements

Generally accepted accounting principles provide a framework for measuring fair value. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Assets and liabilities that are required to be recorded at fair value in the statement of position are categorized based on the inputs to valuation technique as follows:

*Level 1.* These are assets and liabilities where values are based on unadjusted quoted prices for identical assets in an active market that the Organization has the ability to access. At December 31, 2021 and 2020, these assets include listed equity securities and certain money market funds.

*Level 2.* These are assets and liabilities where values are based on the following inputs:

- Quoted prices for similar assets in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs which are derived principally from or corroborated by observable market data by correlation or other means.

At December 31, 2021 and 2020, there are no Level 2 assets or liabilities.

*Level 3.* These are assets and liabilities where inputs to the valuation methodology are unobservable and significant to the fair value measurement. At December 31, 2021 and 2020, there are no Level 3 assets or liabilities.

The fair value measurement level within the value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization reports gifts of cash, grants 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 a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**KIDS IN THE MIDDLE, INC.**  
FINANCIAL STATEMENT NOTES – Continued

**NOTE 1 – Summary of Significant Accounting Policies (continued)**

Prepaid Expenses and Deposits

Prepaid expenses include rent, insurance, deposits, and other unexpired user fees. Upon the expiration of the costs, the prepayments are expensed.

Fixed Assets

Fixed assets are stated at cost, if purchased, and fair value at the time of donation, if donated. According to the Organization's capitalization policy, all fixed assets purchased or donated exceeding \$500 are capitalized. 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.

Deferred Revenues and Expenses

Deferred revenue at December 31, 2020 reflects amounts received from one of the Organization's local government funders. Such amounts were paid as part of the funder's emergency COVID program and may need to be returned if the funder determines that the funds effectively duplicate amounts the Organization received under other government COVID assistance. During 2021, this contingency was resolved allowing the Organization to retain these funds, which were included in local government fees in the statement of activities.

In addition, the Organization has deferred rent expense balances in the amount of \$8,716 and \$17,432, for 2021 and 2020, respectively, to reflect rent-free periods allotted by the lessor. In accordance with ASC 840-20-25-1 through 25-2, lease agreements with rent free or reduced rent periods are required to have the rent expense or rental income be recognized on a straight-line basis over the term of the lease based on the total rental periods.

Allocation of Expenses

The costs of providing the various programs and activities and in-kind expenses have been allocated among the program services and supporting services benefitted and are summarized on a functional basis in the statement of activities and changes in net assets. These allocations are based on estimates determined by management. All other expenses are directly charged to the functions they benefit.

**KIDS IN THE MIDDLE, INC.**  
FINANCIAL STATEMENT NOTES – Continued

**NOTE 1 – Summary of Significant Accounting Policies (continued)**

Allocation of Expenses (continued)

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and payroll taxes	Estimated time and effort
Employee benefits	Estimated time and effort
Professional fees	Square footage
Supplies	Square Footage
Equipment expenses, technology, and phone	FTE/Square Footage
Occupancy	Square Footage
All other operating expenses	Square Footage

Revenue Recognition

The Organization reports contributions received and promises to give as increases in net assets without donor restrictions or donor-restricted net assets, depending on the existence and/or nature of any donor restrictions.

New Accounting Standards Implemented

The Financial Accounting Standards Board issued Accounting Standards Update *ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The ASU is applicable for the Organization's fiscal year 2022, but the organization has elected to early adopt the standard. The new standards require that contributed nonfinancial assets are presented separately in the statement of activities. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies, and valuation techniques.

Recent Accounting Pronouncements Issued Not Yet Effective: Leases

In February 2016, the FASB issued *ASU 2016-02, Leases (Topic 842)*, which requires the recognition of a "right to use" asset and a lease liability, initially measured at the present value of the lease payments, on all of the Organization's lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021.

The Organization is currently evaluating the effect that this pronouncement will have on its consolidated financial statements and related disclosures.

**KIDS IN THE MIDDLE, INC.**  
FINANCIAL STATEMENT NOTES – Continued

**NOTE 1 – Summary of Significant Accounting Policies (continued)**

Contributed Goods and 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 fair value of legal services and goods donated to the Organization have been recorded in the financial statements and totaled \$6,879 and \$1,804 in 2021 and 2020, respectively.

Many additional individuals volunteer their time and perform a variety of tasks that assist the Organization in carrying out its mission. The value of these contributed services does not meet the criteria for recognition in the financial statements, accordingly, no amount is recognized related to the contributed time.

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

The Organization is tax-exempt under Section 501(c)(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 2021 or 2020; therefore, the statements do not include any provision for income taxes. Additionally, the Organization qualifies for charitable contribution deductions under Section 170(b)(1)(A).

The Organization has adopted the standards for accounting for uncertainty in income taxes and management is not aware of any uncertain tax provisions of the Organization related to the tax filings.

The Organization continually evaluates the effects of all tax positions taken including expiring statutes of limitations, tax examinations, unrelated business income and new authoritative rulings. The Organization files federal information returns (Form 990). The statutes of limitations for information returns filed for the years ended December 31, 2018, through 2021 have not expired and therefore are subject to examination.

**KIDS IN THE MIDDLE, INC.**  
FINANCIAL STATEMENT NOTES – Continued

**NOTE 1 – Summary of Significant Accounting Policies (continued)**

Paycheck Protection Program Loan

The Organization received loans that were part of the Paycheck Protection Program (PPP) established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and administered by the U.S. Small Business Administration (SBA). In accordance with the requirements of the CARES Act, the Organization used the proceeds from the loan exclusively for qualified expenses under the PPP, including payroll costs and rent, as further detailed in the CARES Act and applicable guidance issued by the SBA. The Organization considered the PPP loan to be debt, subject to the provisions GASB Statement No 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. During 2021, the Organization received notification from the SBA that these loans and related accrued interest had been forgiven in their entirety and are reflected as a government grant in the statement of activities.

Reclassifications

Certain amounts in the prior year statement of activities and functional expenses presented have been reclassified to conform to the current year financial statement presentation. These reclassifications have no effect on previously reported net assets.

**NOTE 2 – Concentration of Credit Risk**

The Organization maintains cash deposits in bank accounts insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The Organization's cash deposit accounts, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The Organization generates receivables and revenues from grant agencies and services provided in the normal course of business. The Organization does not require collateral to secure receivables from these agencies or its clients.

**KIDS IN THE MIDDLE, INC.**  
**FINANCIAL STATEMENT NOTES – Continued**

**NOTE 3 – Investments**

Investments are measured and recorded on a recurring basis at fair value and have been categorized based upon the fair value hierarchy for the years ended December 31, 2021 and 2020.

The Organization did not hold any investments a December 31, 2021. At December 31, 2020, investments consisted of Level 1 common stocks with a cost basis of \$2,577 and a fair value of \$2,607.

The Organization generated net investment income of \$13 and \$365 for the years ending December 31, 2021 and 2020, respectively, consisting of realized and unrealized gains and losses and interest income.

**NOTE 4 – Accounts Receivable**

The Organization has receivables related to fees from clients and governmental entities for services performed. Management evaluates the collectability of the receivables on a continuous basis and based upon this analysis, no allowance is recognized at December 31, 2021 and 2020, respectively.

**NOTE 5 – Unconditional Promises to Give**

Unconditional promises to give are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor-imposed restrictions. The Organization received promises from the United Way and other donors in which payments are scheduled to be made for future operations.

Future payments pursuant to the promises are as follows:

Year Ended December 31,	<u>2021</u>	<u>2020</u>
2021	\$ <u>-0-</u>	\$ 230,601
2022	\$ <u>193,513</u>	\$ <u>-0-</u>
Total	\$ <u>193,513</u>	\$ <u>230,601</u>



**KIDS IN THE MIDDLE, INC.**  
**FINANCIAL STATEMENT NOTES – Continued**

**NOTE 6 – Special Events**

Income from special events for the years ended December 31, 2021 and 2020, consist of the following:

<b>Annual Gala</b>		
	<u><b>2021</b></u>	<u><b>2020</b></u>
	<u><b>Gala</b></u>	<u><b>Gala</b></u>
<b>Revenues</b>	<b>\$ 173,673</b>	\$ 87,127
<b>Expenses</b>	<u><b>59,451</b></u>	<u>36,317</u>
<b>Net Income</b>	<b>\$ <u>114,222</u></b>	<b>\$ <u>50,810</u></b>

**NOTE 7 – Fixed Assets**

Fixed assets consist of the following at December 31,

	<u><b>2021</b></u>	<u><b>2020</b></u>
Furniture and equipment	<b>\$ 133,904</b>	\$ 159,889
Software and license	<u><b>45,541</b></u>	<u>45,541</u>
	<b>179,445</b>	205,430
Less: Accumulated depreciation	<u><b>(124,590)</b></u>	<u>(135,760)</u>
Net fixed assets	<b>\$ <u>54,855</u></b>	<b>\$ <u>69,670</u></b>

Depreciation and amortization charged against revenues amounted to \$22,778 and \$21,369 during the years ended December 31, 2021 and 2020, respectively.

**NOTE 8 – Note Payable and Equipment Financing**

During 2015, the Organization entered into a financing agreement with Toshiba Financial Services, for purchase of office equipment. This agreement paid the balance of two prior equipment leases and established a note in the amount of \$16,307 with an interest rate of 7.34%. The agreement requires 60 monthly payments of \$326. This obligation was secured by the financed equipment. During 2020, the note was paid in full.

**KIDS IN THE MIDDLE, INC.**  
FINANCIAL STATEMENT NOTES – Continued

**NOTE 9 – Operating Lease Commitments**

In June 2012, the Organization entered into a lease agreement to house all of its administrative and clinical services. The lease term of 120 months, commenced January 1, 2013, with two five-year options. The monthly base rent ranges from \$14,167 to \$17,692 per month.

Rental expense under the Organization's lease commitment totaled \$200,637 and \$198,723 in 2021 and 2020, respectively. Additionally, the Organization was responsible for a portion of the common area maintenance charges in the amounts of \$2,227 and \$5,363 for the years ended December 31, 2021 and 2020, respectively. Rent and common area maintenance expenses are recorded in occupancy expense in the statements of functional expenses. The required future minimum lease payment as of December 31, 2021 will be \$212,306 for the year ending December 31, 2022.

**NOTE 10 – Paycheck Protection Program Term Notes**

On April 22, 2020 and February 19, 2021, the Organization received proceeds of \$188,200 and \$194,977, respectively, under term notes entered into between the Kids in the Middle, Inc. and PNC Bank pursuant to the Paycheck Protection Program (PPP) guidance established under the CARES Act and administered by the SBA. Loan payments were deferred for the first six months after the date of the disbursement of the funds. After that, the loan and interest were to be paid back over a period of 18 months, if the loans were not forgiven under the terms of the program. The loans carried a fixed interest rate of 1%, which could be prepaid at any time prior to the maturity dates of April 22, 2022 and February 19, 2023 without penalty. The loans contained customary provisions related to events of default, including, among others, failure to make payments, bankruptcy, breaches of representations, significant changes in ownership, and material adverse effects. The occurrence of an event of default could result in the collection of the borrowed amount plus accrued interest. These obligations were not secured by any collateral or personal guarantees.

As of December 31, 2021, the Organization had used the proceeds from these loans exclusively for qualified expenses under the PPP, including payroll costs and rent. On January 15, 2021 and October 29, 2021, the Organization received notifications from the Small Business Administration, that the full amounts of the loans and the related accrued interest had been forgiven in their entirety. The total loan forgiveness of \$385,911 is reflected as a governmental grant in the statement of activities.

**KIDS IN THE MIDDLE, INC.**  
**FINANCIAL STATEMENT NOTES – Continued**

**NOTE 11 – 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 a prime rate index. The letter of credit will expire on May 19, 2022. No balance was outstanding as of December 31, 2021 or 2020.

**NOTE 12 – Donated Services and Goods**

The values of noncash donations included in contributions in the financial statements and the corresponding expenses are as follows:

	For the year ending December 31,	
	2021	2020
Contribution services – in-kind	\$ <u>6,879</u>	\$ <u>1,804</u>
Professional services	\$ <u>6,879</u>	\$ <u>1,804</u>

**NOTE 13 – Net Assets**

The Organization’s net assets at December 31, 2021 and 2020 were comprised of the following:

	<u>2021</u>	<u>2020</u>
Net Assets		
Without donor restrictions		
Undesignated	\$ 522,408	\$ 325,103
Board-designated funds for medical insurance deductible reimbursement plan	<u>20,000</u>	<u>20,000</u>
Subtotal	<u>542,408</u>	345,103
With donor restrictions:		
Time restricted for future operations	190,843	186,037
Purpose restricted for scholarship funds	2,834	6,619
Perpetual restriction	<u>1,000</u>	<u>1,000</u>
Subtotal	<u>194,677</u>	<u>193,656</u>
Total Net Assets	<u>\$ 737,085</u>	<u>\$ 538,759</u>

The Organization subsidizes a portion of the annual deductible for its employees under its medical insurance coverage. Board-designated net assets are funds used to pay for claims made by employees under this plan.

**KIDS IN THE MIDDLE, INC.**  
**FINANCIAL STATEMENT NOTES – Continued**

**NOTE 13 – Net Assets (continued)**

Net assets restricted for future operations are comprised of contributions and promises to give for program services and events beyond 2021 and 2020 for the respective years.

Purpose restricted net assets are earmarked as scholarships used to assist with the payment of client service fees for individuals that are in need. Perpetually restricted net assets are maintained in an interest-bearing money market account. Interest earned on this account is used to fund these scholarships.

**Note 14 – Liquidity and Availability of Resources**

The Organization’s liquidity management policy is to structure its financial assets so that they are available as general expenditures, liabilities and other obligations come due. As part of this policy, the Organization invests cash in excess of daily requirements in money market funds and certificates of deposits. The Organization has a goal to maintain financial assets on hand sufficient to meet 90 days of normal operating expenses.

As of December 31, 2021, and 2020, financial assets available for general expenses within one year consist of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 476,648	\$ 499,678
Investments	-	2,607
Unconditional promises to give	193,513	230,601
Accounts receivable	<u>38,633</u>	<u>16,078</u>
Total financial assets	<u>708,794</u>	748,964
Less:		
Perpetually restricted net assets	(1,000)	(1,000)
Board-designated funds for medical insurance deductible reimbursement plan	<u>(20,000)</u>	<u>(20,000)</u>
Financial assets available to meet cash needs for general expenses within one year	\$ <u>687,794</u>	\$ <u>727,964</u>

As more fully described in Note 11, the Organization also has a letter of credit in the amount of \$50,000, which could be drawn upon in the event of an unanticipated liquidity need.

**KIDS IN THE MIDDLE, INC.**  
FINANCIAL STATEMENT NOTES – Continued

**NOTE 15 – Related Party Transaction**

The Organization engaged a company to assist with the production of its annual gala. A board member is the company's managing partner. Cost incurred for these services totaled \$13,625 for the year ended December 31, 2021. During the year ended December 31, 2020, the Organization paid a company owned by a board member for staffing services. Cost incurred for these services totaled \$1,966 for the year ended December 31, 2020.

**NOTE 16 – Retirement Plan**

The Organization offers employees the opportunity to participate in a Simple Plan. Generally, employees are eligible to participate in the plan if they expect to receive at least \$5,000 in annual compensation. The Organization matches employee contributions from 1% to 3% of the employee's compensation for the calendar year. The Organization matched employee contributions up to 3% in 2021 and 2020. Retirement plan expenses for the calendar years 2021 and 2020 were \$16,728 and \$19,520, respectively.

**NOTE 17 – Contingencies**

The Organization is subject to oversight and audits by various granting organizations, as a condition of contracting with the grant agencies. Such oversight or audits could lead to the disallowance of services and repayment of revenues earned. Management elects not to establish an allowance of potential contingencies, as it believes there is only a minimum likelihood of services being disallowed or cost being repaid.

**NOTE 18 – Subsequent Events**

The Organization has evaluated subsequent events through March 29, 2022, the date the financial statements were available for issue.