

**KIDS IN NEED FOUNDATION**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

**KIDS IN NEED FOUNDATION**

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**YEARS ENDED DECEMBER 31, 2010 (AUDITED) AND 2009 (REVIEWED)**

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## INDEPENDENT AUDITORS' REPORT

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Board of Directors  
**Kids In Need Foundation**  
Dayton, Ohio

We have audited the accompanying statement of financial position of **Kids In Need Foundation** (a nonprofit organization) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management.

We conducted our audit 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 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 Need Foundation** as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of program and fund raising expenses and general and administrative expenses on pages 14 and 15 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The 2009 financial statements were reviewed by us, and our report thereon, dated February 13, 2010, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

Dayton, Ohio  
December 22, 2011

**KIDS IN NEED FOUNDATION****STATEMENTS OF FINANCIAL POSITION****DECEMBER 31, 2010 (AUDITED) AND 2009 (REVIEWED)**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 345,100	\$ 264,649
Pledges receivable, net	10,580	12,800
Prepaid expenses	<u>11,006</u>	<u>10,139</u>
	<u>366,686</u>	<u>287,588</u>
<b>EQUIPMENT, NET</b>	<u>18,350</u>	<u>23,811</u>
<b>OTHER ASSETS</b>		
Investments	238,961	122,449
Deposits	<u>2,346</u>	<u>2,346</u>
	<u>241,307</u>	<u>124,795</u>
	<u>\$ 626,343</u>	<u>\$ 436,194</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current maturity of capital lease obligation	\$ 958	\$ 793
Accounts payable - trade	126,363	131,042
Accrued expenses	10,729	7,030
Deferred revenue	<u>1,175</u>	<u>675</u>
	139,225	139,540
<b>LONG-TERM LIABILITIES</b>		
Capital lease obligation, net of current maturity	<u>1,152</u>	<u>2,107</u>
	<u>140,377</u>	<u>141,647</u>
<b>NET ASSETS</b>		
Unrestricted	480,966	283,047
Temporarily restricted	-	6,500
Permanently restricted	<u>5,000</u>	<u>5,000</u>
	<u>485,966</u>	<u>294,547</u>
	<u>\$ 626,343</u>	<u>\$ 436,194</u>

**KIDS IN NEED FOUNDATION**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2010 (AUDITED)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>				
Public Support:				
Donations	\$ 796,350	\$ -	\$ -	\$ 796,350
In-kind - merchandise	44,993,204	-	-	44,993,204
In-kind services	210	-	-	210
School Box program	99,962	-	-	99,962
Teacher grants	<u>138,000</u>	<u>-</u>	<u>-</u>	<u>138,000</u>
Total Public Support	<u>46,027,726</u>	<u>-</u>	<u>-</u>	<u>46,027,726</u>
Revenue:				
Affiliate network revenue	7,500	-	-	7,500
Investment income	19,582	-	-	19,582
Gala recognition dinner	271,520	-	-	271,520
Summit	<u>8,550</u>	<u>-</u>	<u>-</u>	<u>8,550</u>
Total Revenue	<u>307,152</u>	<u>-</u>	<u>-</u>	<u>307,152</u>
Total Public Support and Revenue	<u>46,334,878</u>	<u>-</u>	<u>-</u>	<u>46,334,878</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Restriction satisfied by payments	<u>6,500</u>	<u>(6,500)</u>	<u>-</u>	<u>-</u>
	<u>46,341,378</u>	<u>(6,500)</u>	<u>-</u>	<u>46,334,878</u>
<b>EXPENSES</b>				
Program services	45,327,061	-	-	45,327,061
Fundraising	143,824	-	-	143,824
Supporting Services:				
Wages and benefits	546,328	-	-	546,328
General and administrative	99,387	-	-	99,387
Board and committee meetings	<u>26,859</u>	<u>-</u>	<u>-</u>	<u>26,859</u>
Total Expenses	<u>46,143,459</u>	<u>-</u>	<u>-</u>	<u>46,143,459</u>
<b>CHANGE IN NET ASSETS</b>	197,919	(6,500)	-	191,419
<b>NET ASSETS</b>				
Beginning of year	<u>283,047</u>	<u>6,500</u>	<u>5,000</u>	<u>294,547</u>
End of year	<u>\$ 480,966</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 485,966</u>

**KIDS IN NEED FOUNDATION**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2009 (REVIEWED)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>				
Public Support:				
Donations	\$ 842,856	\$ 6,500	\$ -	\$ 849,356
In-kind - merchandise	38,179,254	-	-	38,179,254
In-kind services	26,900	-	-	26,900
School Box program	31,790	-	-	31,790
Teacher grants	<u>137,500</u>	<u>-</u>	<u>-</u>	<u>137,500</u>
Total Public Support	<u>39,218,300</u>	<u>6,500</u>	<u>-</u>	<u>39,224,800</u>
Revenue:				
Affiliate network revenue	6,000	-	-	6,000
Investment income	25,210	-	-	25,210
Loss on disposal of equipment	(201)	-	-	(201)
Gala recognition dinner	141,000	-	-	141,000
Summit	<u>5,123</u>	<u>-</u>	<u>-</u>	<u>5,123</u>
Total Revenue	<u>177,132</u>	<u>-</u>	<u>-</u>	<u>177,132</u>
Total Public Support and Revenue	<u>39,395,432</u>	<u>6,500</u>	<u>-</u>	<u>39,401,932</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Restriction satisfied by payments	<u>54,717</u>	<u>(54,717)</u>	<u>-</u>	<u>-</u>
	<u>39,450,149</u>	<u>(48,217)</u>	<u>-</u>	<u>39,401,932</u>
<b>EXPENSES</b>				
Program services	38,488,880	-	-	38,488,880
Fundraising	126,311	-	-	126,311
Supporting Services:				
Wages and benefits	521,911	-	-	521,911
General and administrative	107,984	-	-	107,984
Board and committee meetings	<u>23,837</u>	<u>-</u>	<u>-</u>	<u>23,837</u>
Total Expenses	<u>39,268,923</u>	<u>-</u>	<u>-</u>	<u>39,268,923</u>
<b>CHANGE IN NET ASSETS</b>	181,226	(48,217)	-	133,009
<b>NET ASSETS</b>				
Beginning of year	<u>101,821</u>	<u>54,717</u>	<u>5,000</u>	<u>161,538</u>
End of year	<u>\$ 283,047</u>	<u>\$ 6,500</u>	<u>\$ 5,000</u>	<u>\$ 294,547</u>

See notes to financial statements.

**KIDS IN NEED FOUNDATION****STATEMENTS OF CASH FLOWS****YEARS ENDED DECEMBER 31, 2010 (AUDITED) AND 2009 (REVIEWED)**

	<u>2010</u>	<u>2009</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 191,419	\$ 133,009
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,275	6,827
Loss on disposal of equipment	-	201
Unrealized (appreciation) in fair market value of investments	(27,238)	(24,146)
Realized loss on investments	14,099	1,460
Allowance for bad debts	(2,275)	2,275
	<u>183,280</u>	<u>119,626</u>
Changes in operating assets and liabilities:		
Pledges receivable	4,495	50,401
Prepaid expenses	(867)	17,544
Accounts payable - trade	(4,678)	(29,814)
Accrued expenses	3,699	(40,850)
Deferred revenue	500	675
	<u>186,429</u>	<u>117,582</u>
Net Cash Provided by Operating Activities		
	<u>186,429</u>	<u>117,582</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of equipment	(1,813)	(8,988)
Gross proceeds from investments	66,640	10,200
Purchases of investments	(170,013)	(10,895)
	<u>(105,186)</u>	<u>(9,683)</u>
Net Cash Used by Investing Activities		
	<u>(105,186)</u>	<u>(9,683)</u>
<b>FINANCING ACTIVITIES</b>		
Principal payments on long-term capital lease obligation	(792)	(657)
	<u>(792)</u>	<u>(657)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>80,451</b>	<b>107,242</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>264,649</u>	<u>157,407</u>
End of year	<u>\$ 345,100</u>	<u>\$ 264,649</u>

## KIDS IN NEED FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 (AUDITED) AND 2009 (REVIEWED)

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#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Business** - Kids In Need Foundation (the "Foundation") is a nonprofit organization. Their mission is to ensure that every child is prepared to learn and succeed by providing free school supplies nationally to students most in need.

**Net Asset Classification** - Accounting standards provide guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The accounting standards also improve disclosures about an organization's endowment funds, both donor restricted endowment funds and board designated endowment funds, whether or not the organization is subject to UPMIFA.

The State of Ohio adopted UPMIFA effective June 1, 2009. The Foundation adopted this accounting standard relating to endowment funds for the year ended December 31, 2009. Management has determined that the majority of the Foundation's net assets do not meet the definition of endowment under UPMIFA.

Temporarily restricted net assets consist of the remaining portion of donor-restricted endowment funds that are not classified as permanently restricted net assets. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets represent the fair value of the original gift as of the gift date and the original value of subsequent gifts to donor-restricted endowment funds.

During the years ended December 31, 2010 and 2009, the Foundation has reviewed the endowment funds that are subject to UPMIFA and determined that its net assets are properly classified in accordance with UPMIFA and accounting standards.

**Financial Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Concentrations** - The Foundation's support comes primarily from corporate and foundation donor contributions. During 2010 and 2009, 59% and 48%, respectively, of the Foundation's cash support was provided by two major donors. The Foundation also receives substantial support of in-kind donations. For the years ended December 31, 2010 and 2009, two donors contributed 52% and 54%, respectively, of the in-kind donations received by the Foundation.

**Donated Materials and Services** - Donated materials are recorded as contributions at their estimated fair values at the date of donation. Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Foundation has recorded in-kind donations of product and services in the amount of \$44,993,414 and \$38,206,154 for the years ended December 31, 2010 and 2009, respectively.

## KIDS IN NEED FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 (AUDITED) AND 2009 (REVIEWED)

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#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

**Cash and Cash Equivalents** - Interest-bearing deposits and short-term investments with original maturities of three months or less are classified as cash equivalents. Periodically during the year, the Organization may have cash deposits in excess of 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.

**Pledges Receivable** - Contributions are recognized when the donor makes a promise to give to the Foundation 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.

The Foundation has established an allowance for doubtful accounts to give recognition of the amounts that may become uncollectible in the future. It is the Foundation's policy to charge off uncollectible pledges receivable when management determines the receivable will not be collected. The amount of the allowance at December 31, 2010 and 2009 was \$0 and \$2,275, respectively.

**Equipment** - Purchased equipment over \$500 is stated at cost. Donated equipment is recorded at its fair market value at the date the donation is received. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, ranging from five to seven years. At retirement or sale, the costs of the assets, less related accumulated depreciation, are removed from the accounts and the resulting gains and losses are included in income.

Depreciation expense for the years ended December 31, 2010 and 2009 was \$7,275 and \$6,827, respectively.

**Investments** - In accordance with accounting standards, investments in equity securities with readily determinable fair values and all investment in debt securities shall be measured at fair market values in the statements of financial position.

Unrealized appreciation and depreciation on investments shall be reported in the statements of activities as increases or decreases in support and revenue unless their use is restricted by explicit donor stipulations or by law.

**Affiliate Network Revenue** - The Foundation recognizes affiliate network revenue as the funds are received for membership dues. These dues are from those affiliate member organizations joining the Foundation's National Network of Kids In Need Resource Centers.

**Advertising Expense** - Advertising costs are expensed as incurred. Advertising and promotion expense was \$77,256 and \$50,735 for the years ended December 31, 2010 and 2009, respectively.

**Tax-Exempt Status** - The Foundation is operated as a nonprofit organization and is tax exempt under IRS Code Section 501(c)(3). Accordingly, no provision for income tax is presented in these financial statements.

**KIDS IN NEED FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2010 (AUDITED) AND 2009 (REVIEWED)**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Accounting for Uncertainty in Income Taxes** - The Foundation adopted the accounting standards, which addresses accounting for uncertainties in income taxes, as of the beginning of the fiscal year ended December 31, 2009. This accounting standard requires the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Foundation's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority.

The Foundation's management determined there to be no uncertain tax positions as of December 31, 2010, thus there has been no adjustment to the financial statements with the adoption of this accounting standard.

The federal informational tax return of the Foundation for 2009, 2008, and 2007 are subject to examination by the taxing authority, for three years after the filing date.

**Subsequent Events** - In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through December 22, 2011, the date the financial statements were available to be issued.

**NOTE B - PLEDGES RECEIVABLE**

Pledges receivable at December 31, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Less than one year	<u>\$ 10,580</u>	<u>\$ 12,800</u>

No discount was necessary as all pledges are to be received in less than one year.

**NOTE C - EQUIPMENT**

	<u>2010</u>	<u>2009</u>
Furniture and equipment	\$ 12,242	\$ 11,273
Computer equipment	<u>32,000</u>	<u>31,156</u>
Total equipment	44,242	42,429
Less accumulated depreciation	<u>25,892</u>	<u>18,618</u>
Net equipment	<u>\$ 18,350</u>	<u>\$ 23,811</u>

**KIDS IN NEED FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2010 (AUDITED) AND 2009 (REVIEWED)**

**NOTE D - INVESTMENTS**

The following tables reflect the cost and estimated fair values of debt and equity securities held at December 31, 2010 and 2009. In addition, gross unrealized appreciation and unrealized depreciation are disclosed as of December 31, 2010 and 2009.

	<b>2010</b>			
	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Estimated Fair Values</u>
Equity mutual funds	\$ 223,957	\$ 8,088	\$ -	\$ 232,045
Money market fund	<u>6,916</u>	<u>-</u>	<u>-</u>	<u>6,916</u>
	<u>\$ 230,873</u>	<u>\$ 8,088</u>	<u>\$ -</u>	<u>\$ 238,961</u>
	<b>2009</b>			
	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Estimated Fair Values</u>
Equity mutual funds	\$ 137,687	\$ -	\$ (19,150)	\$ 118,537
Money market fund	<u>3,912</u>	<u>-</u>	<u>-</u>	<u>3,912</u>
	<u>\$ 141,599</u>	<u>\$ -</u>	<u>\$ (19,150)</u>	<u>\$ 122,449</u>

The following is a summary of investment income for the years ended December 31:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 8,017	\$ 3,804
Investment and administrative fees	(1,574)	(1,280)
Realized (loss)	(14,099)	(1,460)
Unrealized appreciation	<u>27,238</u>	<u>24,146</u>
	<u>\$ 19,582</u>	<u>\$ 25,210</u>



**KIDS IN NEED FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2010 (AUDITED) AND 2009 (REVIEWED)**

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**NOTE F - RESTRICTIONS ON ASSETS**

Temporarily restricted assets are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Purpose restriction	<u>\$ -</u>	<u>\$ 6,500</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes.

	<u>2010</u>	<u>2009</u>
Purpose restriction accomplished	<u>\$ 6,500</u>	<u>\$ 54,717</u>

A permanently restricted endowment account was established during 2004 to provide operating support to the Foundation.

**NOTE G - ENDOWMENT FUNDS AND NET ASSETS**

The Foundation's permanently restricted net assets as of December 31, 2010 and 2009 are not held in a separate endowment fund but are part of the Foundation's total cash and investment portfolio. At the end of each year, an allocation is made to an unrestricted net asset account for gains or losses from the permanently restricted fund. For the year ended December 31, 2010, \$310 in net losses were allocated to the fund's unrestricted balance. For the year ended December 31, 2009, net earnings of \$391 were allocated to the fund's unrestricted balance. Upon approval of expenditures, amounts are considered to be appropriated for expenditure.

The Foundation's investment policy states that its investments are intended to function as a long-term investment portfolio. The primary investment objectives of the Foundation are to outperform inflation over the long term, to maximize the return within reasonable and prudent levels of risk, to maintain adequate liquidity for spending purposes, to produce a level of investment return that will produce real principal growth after inflation and spending, to minimize volatility, recognizing the asset allocation strategy being employed, and to broadly diversify holdings, thus minimizing the risk of large losses in the individual investments.

**NOTE H - OPERATING LEASES**

The Foundation leases office space under an operating lease agreement. The lease started in 2008 and expired February 2011. The lease was for three years and the annual rent expense, \$33,540, includes an annual inflationary rate increase. This lease was renewed in October 2010 and now expires February 2013.

The Foundation leased copier equipment under an operating lease agreement for \$362 a month. The lease started in November 2007 and expired November 2009.

The Foundation leases copier equipment under an operating lease agreement for \$300 a month, which expires in December 2012. This lease started in January 2010.

Rent expense on these leases was \$37,140 and \$32,244 for the years ended December 31, 2010 and 2009, respectively.

## KIDS IN NEED FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 (AUDITED) AND 2009 (REVIEWED)

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#### NOTE H - OPERATING LEASES - continued

Future minimum lease payments over the next three years are as follows:

2011	\$	33,031
2012		34,548
2013		4,761

#### NOTE I - CAPITAL LEASES

The Foundation has entered into a capital lease arrangement for the purchase of a telephone system. The related assets and liabilities have been recorded using the imputed borrowing rate as of the inception of the lease. The lease expires in December 2012.

The following is a schedule of leased property under capital lease at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Furniture and equipment	\$ 4,166	\$ 4,166
Less accumulated depreciation	<u>2,499</u>	<u>1,666</u>
	<u>\$ 1,667</u>	<u>\$ 2,500</u>

The following is a schedule of future minimum lease payments under the capitalized lease together with the present value of the net minimum lease payments at December 31:

2011	\$	1,274
2012		<u>1,274</u>
Total future minimum lease payments		2,548
Less amount representing interest		<u>438</u>
Present value of net minimum lease payments		2,110
Less current maturities		<u>958</u>
Long-term maturities	\$	<u>1,152</u>

Depreciation expense for the property under capital lease for the years ended December 31, 2010 and 2009 was \$833.

#### NOTE J - PENSION AND EMPLOYEE SAVINGS PLAN

The Foundation adopted an individual retirement account plan in July 2008 that covers substantially all employees. The covered employees may contribute up to the annual allowable amount as set by the IRS. The Foundation is required to contribute 100% of its covered employees' elective contributions up to elective contributions of 3% of gross compensation. The expenses related to this plan for the year ended December 31, 2010 and 2009 were \$11,508 and \$10,938, respectively.

**KIDS IN NEED FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2010 (AUDITED) AND 2009 (REVIEWED)**

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**NOTE K - PROGRAM EXPENSE RATIO**

For both the years ended December 31, 2010 and 2009, 99% of the support and revenue received has been expended for the educational programs that the Foundation supports.

**NOTE L - BOARD-DESIGNATED NET ASSETS**

During 2004, the Foundation established an endowment fund. The fund was started with a transfer of \$10,000 from the Foundation. The intent of the fund is to obtain outside donations and further board designated amounts to obtain an initial amount of \$50,000 and to use the earnings on the endowment to aid in the general operations of the Foundation. During 2004, the endowment fund received a permanently restricted donation from an outside donor in the amount of \$5,000. This amount is being shown on the Statement of Financial Position as a permanently restricted item.

The value of the endowment account included in the investments amounted to \$20,156 and \$18,123 as of December 31, 2010 and 2009, respectively.

**NOTE M - SUPPLEMENTAL CASH FLOW INFORMATION**

	<u>2010</u>	<u>2009</u>
Cash paid during the year for:		
Interest	<u>\$ 480</u>	<u>\$ 615</u>

**NOTE N - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES**

The following program and supporting services are included in the accompanying financial statements:

***Kids in Need Resource Centers*** - The Foundation receives cash for purchasing products, as well as, in-kind donations of excess inventory, unsellable, returned or slightly damaged merchandise, outdated product, etc. These items are then distributed from the various resource centers to those children that are in need of the school supplies.

***Teacher Grants*** - At least 85% of contributions received are awarded annually to certified K-12 teachers for creative projects costing between \$100 and \$500.

***School Box Program*** - The Foundation seeks sponsors to provide school supplies to children in need. Under this program, the Foundation contracts with an outside vendor who provided cardboard briefcases carrying school supplies for children in need. These school boxes are shipped to various schools and approved charities.

**KIDS IN NEED FOUNDATION**

**SCHEDULES OF PROGRAM AND FUND RAISING EXPENSES**

**YEARS ENDED DECEMBER 31, 2010 (AUDITED) AND 2009 (REVIEWED)**

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	<u>2010</u>	<u>2009</u>
<b>PROGRAMS</b>		
Materials-in-kind - Kids in Need	\$ 44,993,205	\$ 38,179,254
Resource Center - Kids in Need	57,737	103,218
Teacher grants	109,546	114,032
Other programs	62,257	59,055
Resource Center - Summit	24,427	13,609
School Box Program	<u>79,889</u>	<u>19,712</u>
	<b><u>\$ 45,327,061</u></b>	<b><u>\$ 38,488,880</u></b>
<b>FUNDRAISING</b>		
General fundraising	\$ 77,256	\$ 44,835
Gala recognition dinner	66,568	75,576
Services-in-kind	<u>-</u>	<u>5,900</u>
	<b><u>\$ 143,824</u></b>	<b><u>\$ 126,311</u></b>

**KIDS IN NEED FOUNDATION**

**SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES**

**YEARS ENDED DECEMBER 31, 2010 (AUDITED) AND 2009 (REVIEWED)**

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	<u>2010</u>	<u>2009</u>
Rent	\$ 33,540	\$ 32,244
Office supplies/postage	13,245	15,374
Dues and subscriptions	2,593	2,090
Accounting and legal	11,803	12,888
Depreciation	7,275	6,827
Outside services	1,789	4,285
Bank charges	4,430	3,702
Bad debt expense	2,850	4,252
Technology support	3,444	3,543
Equipment maintenance	6,130	6,282
Telephone	9,913	12,247
Insurance	2,375	4,250
	<u>\$ 99,387</u>	<u>\$ 107,984</u>