

Financial Statements
and Other Financial Information



Kids Incorporated of the Big Bend

*Years ended May 31, 2013 and 2012
with Report of Independent Auditors*

Thomas Howell
▲ Ferguson P.A.

Kids Incorporated of the Big Bend

Financial Statements
and Other Financial Information

Years ended May 31, 2013 and 2012

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Report of Independent Auditors

The Board of Directors
Kids Incorporated of the Big Bend

Report on the Financial Statements

We have audited the accompanying financial statements of Kids Incorporated of the Big Bend (the Agency) which comprise the statements of financial position as of May 31, 2013 and 2012, and the related statements of activities and changes in net assets, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Kids Incorporated of the Big Bend, as of May 31, 2013 and 2012, and the respective changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Financial Information

The other financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reports

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of findings and questioned costs relating to federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2013 on our consideration of the Agency'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Thomas Howell Ferguson P.C.

Tallahassee, Florida
October 25, 2013

Kids Incorporated of the Big Bend

Statements of Financial Position

	May 31,	
	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 61,072	\$ 22,395
Grants and contracts receivable	184,339	249,981
Other receivables	107,500	-
Prepaid expenses	-	430
Total current assets	352,911	272,806
Property and equipment, net	2,349,806	2,315,152
Other noncurrent assets	23,644	22,020
Total assets	\$ 2,726,361	\$ 2,609,978
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 418,672	\$ 502,660
Deferred revenue	7,125	7,450
Current portion of deferred other income	58,000	-
Current portion of capital lease obligations	43,253	-
Total current liabilities	527,050	510,110
Deferred benefits:		
Deferred benefits payable	45,060	44,559
Investments designated for deferred benefits	(37,931)	(37,430)
Deferred benefits, net	7,129	7,129
Line of credit	-	65,733
Deferred other income, net of current portion	49,500	-
Capital lease obligations, net of current portion	115,528	-
Total liabilities	699,207	582,972
Unrestricted net assets	2,027,154	2,027,006
Total liabilities and net assets	\$ 2,726,361	\$ 2,609,978

See accompanying notes.

Kids Incorporated of the Big Bend

Statements of Activities and Changes in Net Assets

	Years ended May 31,	
	2013	2012
Changes in unrestricted net assets:		
Revenues and other support:		
Grants and contracts	\$ 3,873,987	\$ 3,761,250
Fees for services	58,870	36,448
Contributions and other support	128,628	164,694
In-kind contributions	624,578	596,985
Interest income	2,125	55
Gain on disposal of equipment	2,970	7,460
Total revenues and other support	4,691,158	4,566,892
Expenses:		
Program services	4,208,910	4,132,924
General and administrative	467,670	483,363
Fundraising	14,430	22,204
Total expenses	4,691,010	4,638,491
Change in unrestricted net assets	148	(71,599)
Net assets at beginning of year	2,027,006	2,202,572
Prior period restatement	-	(103,967)
Net assets at beginning of year, as restated	2,027,006	2,098,605
Net assets at end of year	\$ 2,027,154	\$ 2,027,006

See accompanying notes.

Kids Incorporated of the Big Bend

Statements of Cash Flows

	Years ended May 31,	
	2013	2012
Operating activities		
Change in unrestricted net assets	\$ 148	\$ (71,599)
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	130,304	127,152
Gain on disposal of equipment	(2,970)	(7,460)
Net endowment (earnings) losses	(1,624)	408
Changes in operating assets and liabilities:		
Grants and contracts receivable	65,642	(184,457)
Prepaid expenses	430	25,771
Accounts payable and accrued expenses	(69,182)	121,005
Deferred revenue	(325)	7,450
Net cash provided by operating activities	<u>122,423</u>	<u>18,270</u>
Investing activities		
Purchases of property and equipment	(6,177)	(8,767)
Proceeds from disposal of equipment	2,970	7,460
Deposits to deferred benefits account	(14,806)	(4,387)
Net cash used in investing activities	<u>(18,013)</u>	<u>(5,694)</u>
Financing activities		
Repayment of line of credit	(65,733)	(34,267)
Net cash used in financing activities	<u>(65,733)</u>	<u>(34,267)</u>
Net increase (decrease) in cash and cash equivalents	38,677	(21,691)
Cash and cash equivalents at beginning of year	22,395	44,086
Cash and cash equivalents at end of year	<u>\$ 61,072</u>	<u>\$ 22,395</u>
Supplemental disclosures of cash flow information		
Cash paid for interest	\$ 2,684	\$ 1,429

See accompanying notes.

Kids Incorporated of the Big Bend

Notes to Financial Statements

Years ended May 31, 2013 and 2012

1. Summary of Significant Accounting Policies

Nature of Business

Kids Incorporated of the Big Bend (the Agency) is a not-for-profit organization that supports and educates families with young children through quality early learning, health, and family services provided primarily to low-income families in Leon, Jefferson, and Madison counties, Florida.

Basis of Accounting

The Agency uses the accrual basis of accounting. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board.

Cash and Cash Equivalents

Cash and cash equivalents consist of deposits with financial institutions and deposits in highly liquid money market funds. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC). The Agency's financial instruments exposed to concentrations of credit risk consist primarily of its cash and cash equivalents. Deposits with financial institutions are insured by either the FDIC or the SIPC up to \$250,000 per depositor. Bank deposits at times may exceed federally insured limits. The Agency has not experienced any losses in such accounts.

Grants and Contracts Receivable

Grants and contracts receivable consist primarily of amounts due from grant agencies and local organizations. All receivables are considered by management to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded.

Other Receivables

Other receivables consists of an amount due to the Agency from its capital lease lessor; see Note 6.

Kids Incorporated of the Big Bend

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Assets Designated for Deferred Benefits Payable

The Agency established a plan designated as a 457(b) plan under the Internal Revenue Code (the Plan). The purpose of the Plan is to fund certain obligations related to deferred benefits payable to a key employee. The Plan's assets, which consist of an interest-bearing account at Mutual of America as part of a flexible premium annuity, are included as an offset against the deferred benefits liability in the accompanying statements of financial position. At May 31, 2013 and 2012, the carrying value of the Plan's assets approximates fair value.

Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

	<u>Useful Lives</u>
Building and improvements	39 years
Leasehold improvements	10 - 39 years
Furniture and equipment	5 - 10 years
Vehicles	5 years

The Agency's policy is to capitalize asset acquisitions greater than \$5,000.

Revenue Recognition

Operating revenues

Operating revenues consist principally of proceeds from cost reimbursement federal grants and fee for service state contracts. Revenues from these sources are recognized during the year in which the terms of the grant or contract are satisfied and the related services are provided. See Note 4 regarding concentrations of revenue.

Contributions

Contributions and grants are recorded as unrestricted, temporarily restricted, or permanently restricted when received, depending on the existence and/or nature of any donor restrictions. Contributions of donated noncash assets are recorded at their fair values in the period received.

Kids Incorporated of the Big Bend

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Contributions and grants of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use and duration of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of a restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

If a restriction expires within the same year in which the restricted contributions are received, these contributions are reported as increases in unrestricted net assets.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among programs and the supporting services benefited.

Income Taxes

Pursuant to a determination letter received from the Internal Revenue Service, the Agency is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and as such is liable for tax only on business income unrelated to the purpose for which it is exempt. No provision for income tax expense or liability has been made in either year presented. There are currently no Internal Revenue Service audits in progress for any tax periods, and no significant nonfederal tax jurisdictions. The Agency's income tax returns remain subject to examination for the years ended May 31, 2010, through May 31, 2013.

Subsequent Events

The Agency has evaluated subsequent events through October 25, 2013, the date the financial statements were available to be issued. During the period from May 31, 2013 to October 25, 2013, the Agency did not have any material recognizable subsequent events.

In-Kind Support

To satisfy the non-federal share requirement of its grants, the Agency records in-kind contributions at the fair value of services provided by volunteers. Such in-kind services provided consist primarily of volunteer hours related to Early Head Start program services.

Kids Incorporated of the Big Bend

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Use of 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

2. Property and Equipment, Net

Property and equipment, net, consists of the following:

	May 31,	
	<u>2013</u>	<u>2012</u>
Land	\$ 17,250	\$ 17,250
Building and improvements	476,016	476,016
Leasehold improvements	2,314,032	2,307,854
Furniture and equipment	245,504	86,723
Vehicles	<u>215,709</u>	<u>263,428</u>
	3,268,511	3,151,271
Less accumulated depreciation and amortization	<u>918,705</u>	<u>836,119</u>
	<u>\$ 2,349,806</u>	<u>\$ 2,315,152</u>

Depreciation and amortization expense totaled \$130,304 and \$127,152 for the years ended May 31, 2013 and 2012, respectively.

Furniture and equipment includes capital lease assets with gross book values totaling \$158,781. See Note 7. Through May 31, 2013, such assets had \$0 accumulated amortization. In future periods, amortization of assets acquired under capital leases will be included with other property and equipment depreciation and amortization expense.

Substantially all property and equipment was purchased using grant funds. If assets purchased with proceeds from federal grants are disposed, a percentage of the proceeds or some other amount may be required to be returned to the grantor agency. This percentage, if due, is typically equal to the percentage of grant funds used to purchase the related asset disposed, although the total amount due may also be based on the value of the asset disposed (regardless of its sales price). Two fully-depreciated assets purchased with grant funds were sold during each of the years ended May 31, 2013 and 2012; the grantor agency authorized the disposal and required the Agency to report the gain on disposal as program income on the Agency's periodic financial reports.

Kids Incorporated of the Big Bend

Notes to Financial Statements

3. Retirement Plan

The Agency has a 403(b) tax-deferred annuity retirement plan, which is funded by contributions from both the Agency and its employees. The Agency's matching contribution covers employees who are at least 18 years old and have one year of service. The contribution is 100% up to 3% of eligible employees' salaries, and is charged to expense annually. The related expense for the years ended May 31, 2013 and 2012, was \$20,006 and \$25,315, respectively.

4. Concentrations

The Agency's primary source of operating revenue is derived through various contracts and grants with the U.S. Department of Health and Human Services. Revenue earned under these contracts and grants accounted for 73% and 72% of total revenues for the years ended May 31, 2013 and 2012, respectively. Additionally, the Agency has a pass-through contract funded by the U.S. Department of Agriculture. In the event these contracts and grants are not renewed, the Agency's ability to continue operations without interruption would be significantly affected.

Contracts and grants with the U.S. Department of Health and Human Services during the year ended May 31, 2013, included a Basic Early Head Start Grant and for the year ended May 31, 2012, included a Basic Early Head Start grant, a Cost of Living Adjustment and Quality Improvement grant, and an Expansion grant. Certain funding for the non-Basic grants was provided by the American Recovery and Reinvestment Act of 2009, which expired as of May 31, 2012. For the 2013-14 fiscal year, the U.S. Department of Agriculture pass-through contract and the Basic grant have been renewed.

5. Line of Credit

The Agency maintained a line of credit with a financial institution. Total available borrowings were \$150,000, with \$0 and \$65,733 outstanding at May 31, 2013 and 2012, respectively. Interest was payable monthly at the lender's announced prime rate plus a spread of 1.75%, subject to a floor of 4.75%. The line of credit was closed subsequent to May 31, 2013.

6. Deferred Other Income

Deferred other income consists of a buyout in the amount of \$107,500 of prior operating leases of the Agency. The lease buyout related to the capital leases described in Note 7 and certain operating leases included in Note 8. Prior lease payments will continue to be made until the contracts expire; thus, the deferred other income will be earned as the lease payments are made. The current portion of the deferred other income at May 31, 2013 is \$58,000.

Kids Incorporated of the Big Bend

Notes to Financial Statements

7. Capital Lease Obligations

During the year ended May 31, 2013, the Agency entered into a capital lease arrangement. The arrangement included a buyout of the Agency's prior operating lease agreements, which is more fully described in Note 6. An effective interest rate of approximately twenty-four percent was used for the lease in determining the capitalized value and the amount of future obligations.

The following is a schedule of future minimum lease payments, including interest, for the years ending May 31:

2014	\$	73,176
2015		73,176
2016		<u>73,182</u>
Total capital lease obligations		219,534
Less amount representing interest		60,753
Less current portion		<u>43,253</u>
Total noncurrent portion	\$	<u>115,528</u>

The acquisition of capital lease assets and related liabilities are treated as noncash transactions for the purpose of determining amounts on the statements of cash flows. Principal repayments of capital lease obligations are included separately in the statements of cash flows.

8. Operating Leases

The Agency leases office equipment and building space under operating leases expiring at various dates through fiscal year 2019. Minimum future lease payments under operating leases having remaining terms in excess of one year as of May 31, 2013, for each of the next five years and in the aggregate thereafter are as follows:

<u>Year ended May 31,</u>		
2014	\$	265,169
2015		246,967
2016		205,616
2017		153,524
2018		48,060
Thereafter		<u>11,749</u>
	\$	<u>931,085</u>

A portion of the minimum future lease payments under operating leases is offset by the amount included in deferred other income as described in Note 6.

Total rental expense for equipment and building space, including miscellaneous maintenance, taxes, and other charges, was approximately \$325,000 and \$267,000 for the years ended May 31, 2013 and 2012, respectively.

Kids Incorporated of the Big Bend

Notes to Financial Statements

9. Prior Period Adjustment

During the year ended May 31, 2013, the Agency identified certain errors in its accounting records that it believed required adjustment in periods prior to fiscal year 2012-13. Such errors related to the accrued leave balance payable and general and administrative expenses. A prior period adjustment was recorded to reflect the expenses in the years to which they related.

The effect of the prior period adjustment on the May 31, 2012, financial statements was to reduce net assets by \$103,967, increase accrued expenses by \$109,799, and increase general and administrative expense related to personnel by \$5,832.

Other Financial Information

Kids Incorporated of the Big Bend

Schedule of Functional Expenses

	Years ended May 31,				2012
	2013				
	Program Services	General and Administrative	Fundraising	Total	Total
Advertising	\$ 2,172	\$ 1,693	\$ -	\$ 3,865	\$ 3,748
Bank charges	11,472	1,209	-	12,681	15,347
Board development	-	-	-	-	439
Center food supplies	140,172	-	-	140,172	128,587
Communication system	41,813	2,463	18	44,294	39,921
Community outreach	17,025	-	7,607	24,632	5,408
Contracted services	11,567	43,433	122	55,122	138,404
Employee benefits	449,580	60,929	795	511,304	495,964
Equipment lease and expense	91,311	9,200	1,452	101,963	118,979
Equipment maintenance	28,095	11,669	65	39,829	71,334
In-kind expense	624,415	105	58	624,578	596,985
Insurance	40,471	960	7	41,438	57,485
Licenses	12,111	1,821	13	13,945	1,193
Meeting expense	1,405	374	-	1,779	15,951
Memberships/subscriptions	8,944	1,521	506	10,971	14,487
Miscellaneous	(13,951)	-	-	(13,951)	(495)
Occupancy	478,636	49,833	180	528,649	503,870
Other personnel costs	11,942	395	-	12,337	4,886
Outside printing	-	-	-	-	1,505
Parent activity	5,064	47	1	5,112	4,365
Personnel expense	2,008,108	280,052	3,441	2,291,601	2,131,923
Postage and shipping	2,642	601	64	3,307	2,916
Professional services	60,738	-	65	60,803	58,339
Staff development and travel	89,145	347	2	89,494	78,464
Supplies	75,010	436	32	75,478	127,593
Taxes	-	-	-	-	1,562
Temporary labor	-	-	-	-	161
Vehicle expense	11,023	582	2	11,607	19,170
	<u>\$ 4,208,910</u>	<u>\$ 467,670</u>	<u>\$ 14,430</u>	<u>\$ 4,691,010</u>	<u>\$ 4,638,491</u>

See report of independent auditors.

Other Reports

Report of Independent Auditors 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*

The Board of Directors
Kids Incorporated of the Big Bend

We have audited, in accordance with the 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, the financial statements of Kids Incorporated of the Big Bend (the Agency), which comprise the statement of financial position as of May 31, 2013, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
October 25, 2013

Report of Independent Auditors on Compliance for the Major Federal Program and on Internal Control Over Compliance

The Board of Directors
Kids Incorporated of the Big Bend

Report on Compliance for the Major Program

We have audited Kids Incorporated of the Big Bend's (the Agency) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Agency's major federal program for the year ended May 31, 2013. The Agency's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Agency's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on the Major Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major program for the year ended May 31, 2013.

Report on Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
October 25, 2013

Kids Incorporated of the Big Bend

Schedule of Expenditures of Federal Awards

Year ended May 31, 2013

<u>Federal Agency and Program Title</u>	<u>CFDA</u>	<u>Contract Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Pass-through State of Florida Department of Health Child and Adult Care Food Program	10.558	S-621	\$ 199,183
 <u>U.S. Department of Health and Human Services</u>			
Early Head Start	93.600	04CH4601/10	3,444,502
			\$ 3,643,685

Note 1 - This Schedule of Expenditures of Federal Awards includes the federal grant activity of Kids Incorporated of the Big Bend (the Agency) under programs of the federal government for the year ended May 31, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because this schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Agency.

Note 2 - Expenditures reported on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on this schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

See report of independent auditors.

Kids Incorporated of the Big Bend

Schedule of Findings and Questioned Costs
Relating to Federal Awards

Year ended May 31, 2013

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No
Identification of major programs:	

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.600	U.S. Department of Health and Human Services Early Head Start

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low risk auditee?	No

(continued)

Kids Incorporated of the Big Bend

Schedule of Findings and Questioned Costs
Relating to Federal Awards (continued)

Section II -- Financial Statement Findings

We noted no matters involving internal control over financial reporting and its operation that we considered to be significant deficiencies and/or material weaknesses required to be reported in accordance with *Government Auditing Standards*.

Section III -- Federal Award Findings and Questioned Costs

This section identifies audit findings required to be reported by Section 510(a) of OMB Circular A-133 (for example, significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major program. We noted no such matters required to be reported in accordance with the provisions outlined above.

Section IV -- Other Matters

Prior Audit Findings

None.

Management Letter Comments for the Year Ended May 31, 2013

Yes - a separate letter dated October 25, 2013, was provided to management.

See report of independent auditors.

The Audit Committee
Kids Incorporated of the Big Bend

We are pleased to present this report related to our audit of the financial statements of Kids Incorporated of the Big Bend (the Agency) for the year ended May 31, 2013. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Agency's financial reporting process.

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

<u>Area</u>	<u>Comments</u>
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated September 10, 2013.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We discussed with members of the Audit Committee and the Agency's management various matters about which generally accepted auditing standards require communication. These include matters concerning two-way communication, our independence, the audit planning process, the concept of materiality in planning and executing the audit, our approach to internal control relevant to the audit, and the timing of the audit.
Accounting Policies and Practices	Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Agency. The Agency did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Area	Comments
Accounting Policies and Practices (continued)	Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
Management's Judgments and Accounting Estimates	Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. Estimates significant to the financial statements include estimated useful lives of property and equipment and estimates for the purpose of allocating costs between the program, general/administrative, and fundraising functions. The Audit Committee may wish to monitor throughout the year the process used to compute and record these accounting estimates.
Financial Statement Disclosures	The disclosures contained within the notes to the Agency's financial statements contain significant explanatory information and should be reviewed in conjunction with the basic financial statements. Significant disclosures include the current year restatement of prior periods' results that resulted in net assets being reduced by \$103,967, accrued expenses increasing by \$109,799, and general and administrative expense related to personnel increasing by \$5,832 at May 31, 2012. The restatement related to the accrued leave balance payable.

<u>Area</u>	<u>Comments</u>
Audit Adjustments	There were journal entries posted to the initial trial balance used to begin our audit. Certain of these entries were provided by the Agency's management, while other entries were calculated by us and then reviewed and approved by the Agency's management. The net effect of journal entries posted to the trial balance provided to us at the start of the audit was an increase to net assets of \$119,566. See Exhibit A .
Uncorrected Misstatements	There were no uncorrected misstatements that management determined to be immaterial to the original trial balance presented to us to begin our audit.
Disagreements With Management	During the course of the audit, there were on-going discussions with the Agency's management regarding the accounting treatment for accrued leave, which were subsequently resolved.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed with or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit. We appreciate the assistance provided by the Agency's financial and accounting personnel.
Letter(s) Communicating Significant Deficiencies and Material Weaknesses in Internal Control Over Financial Reporting	We did not identify any such matters requiring communication to the Audit Committee during our audit of the financial statements. We have issued certain required communications as included in the Other Reports section of the financial statements.
Significant Written Communications Between Management and Our Firm	The comments we issued to management as a result of our audit are attached to this letter as Exhibit B . See also Exhibit C for a copy of the representation letter we obtained from the Agency's management.

Thomas Howell
Ferguson P.A.

Page Four

This letter is intended solely for the information and use of the Audit Committee and management of the Agency and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this letter. We appreciate the opportunity to continue to be of service to Kids Incorporated of the Big Bend.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
October 25, 2013

Kids Incorporated of the Big Bend

Year End: May 31, 2013

Journal Entries Report, Including

Adjusting, Reclassifying, and Prior Period

Date: 6/1/2011 To 5/31/2013

Exhibit A

Number	Date	Type	Name	Account No	Debit	Credit
1	5/31/2013	N	Legacy Revenue	40400		13,009
1	5/31/2013	N	Early Learning Coalition Revenue	40710	7,138	
1	5/31/2013	N	Other Revenue	40900	5,871	
To adjust the grant revenue to the actual amount awarded and drawn down.						
2	5/31/2013	N	Accrued PTO	27100	82,747	
2	5/31/2013	N	Unrestricted Net Assets	39000		55,065
2	5/31/2013	N	Salaries	50000		27,682
To adjust the accrued leave to be in compliance with policy.						
3	5/31/2013	N	Leasehold Improvement Accum Depreciation	17510	24,806	
3	5/31/2013	N	Furniture, Fixtures, Equipment Accum Depreciation	17515	830	
3	5/31/2013	N	Depreciation	52011		25,636
To adjust the depreciation to the BNA report.						
4	5/31/2013	N	MOA Deferred Comp Payable	24500		531
4	5/31/2013	N	CEO Benefits	50920	531	
Increase deferred comp liability for earnings on investment account.						
5	5/31/2013	N	Miscellaneous	52054		29
5	5/31/2013	N	Non-Federal Share	52099	29	
To true-up the in-kind revenue and expense.						
6	5/31/2013	N	Unrestricted Net Assets	39000	109,799	
6	5/31/2013	N	Salaries	50000	1,737	
6	5/31/2013	N	Prior Year Activity	52094		111,536
To adjust salaries expense for the portion of BTO related to current year						
7	5/31/2012	P	Accrued BTO	27101		109,799
7	5/31/2012	P	Unrestricted Net Assets	39000	103,967	
7	5/31/2012	P	Salaries	50000	5,832	
To adjust salaries expense for the portion related to BTO for the prior year and the prior period adjustment to book the liability.						
8	5/31/2013	N	In Kind Match Revenue	40730	18,920	
8	5/31/2013	N	NFS-Facility Maintenance	52103		18,920
To adjust in-kind per testing.						
9	5/31/2013	N	Unrestricted Net Assets	39000		10,249
9	5/31/2013	N	Unrestricted Net Assets	39000	30	
9	5/31/2013	N	Other Revenue	40900	10,249	
9	5/31/2013	N	Miscellaneous	52054		30
To undo a journal entry posted by client and to make net assets roll.						

Kids Incorporated of the Big Bend

Year End: May 31, 2013

Journal Entries Report, Including

Adjusting, Reclassifying, and Prior Period

Date: 6/1/2011 To 5/31/2013

Number	Date	Type	Name	Account No	Debit	Credit
10	5/31/2013	N	Early Learning Coalition Revenue	40710		7,138
10	5/31/2013	N	Other Revenue	40900	13,892	
10	5/31/2013	N	Other Revenue	40900	7,138	
10	5/31/2013	N	Miscellaneous	52054		13,892
To adjust revenue to actual per the detail.						
11	5/31/2012	R	Business Fees - Bank Fees/Analysis Charges	52095		937
11	5/31/2012	R	NFS - Other	THF - 52095	937	
To restore PY reported non EHS Inkind as account description changed in current year to bank fees from NFS - Other.						
12	5/31/2013	R	THF - Accounts Receivable	THF -12000	107,500	
12	5/31/2013	R	Deferred income, net of long term	THF 218.200		58,000
12	5/31/2013	R	Deferred income, long term	THF 218.300		49,500
To book the cash due from Lewis Digital related to the capital lease received in June 2013 for the current and long-term portions.						
13	5/31/2013	R	Map-level adjustment	THF 215.800	43,253	
13	5/31/2013	R	Map-level adjustment	THF 215.850		43,253
Reclassify current portion of capital lease payable						
14	5/31/2013	R	FS adjustment - Fundraising	THF-1001	14,430	
14	5/31/2013	R	FS adjustment - G&A	THF-1002		14,430
14	5/31/2013	R	FS adjustment - G&A	THF-1002		4,208,910
14	5/31/2013	R	FS adjustment - Program	THF-1003	4,208,910	
Topside entry to recognize functional allocation of expenses						
15	5/31/2013	R	Accounts Payable	20000		30
15	5/31/2013	R	MOA Deferred Comp Payable	24500	30	
Adjustment of balance to roll assets						
PBC - 1	5/31/2013	N	Accounts Payable	20000	11,714	
PBC - 1	5/31/2013	N	Utilities - Utilities	52009		357
PBC - 1	5/31/2013	N	Child & Family Services - Other Supplies	52039		11,160
PBC - 1	5/31/2013	N	Parent Services	52061		48
PBC - 1	5/31/2013	N	Community Outreach - Supplies	52080		149
PBC - 1 - To void vouchers posted into May but subsequently voided in June 2013.						
					4,780,290	4,780,290

Exhibit B

To the Board of Directors and Management
Kids Incorporated of the Big Bend

In planning and performing our audit of the financial statements of Kids Incorporated of the Big Bend (the Agency) as of and for the year ended May 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Following is a description of an identified deficiency in internal control that we determined did not constitute a significant deficiency or material weakness:

Banked Time Off

The Agency discovered during the year ended May 31, 2013 that a liability for certain "banked time off" (BTO) had not yet been recorded. Such BTO was earned by various long-time employees of the Agency prior to 2005. When the Agency converted to a new "paid time off" system, discussions concerning the payout of prior BTO balances occurred but were never documented in an official written policy.

Banked Time Off (continued)

Accordingly, upon discovery by the Agency's management that the BTO amounts had yet to be paid as of May 31, 2013, an accrual was created. See further discussion in the financial statements concerning the prior period restatement related to this BTO accrual. At this time, management should continue working with the Board and seek legal guidance as necessary to determine the Agency's ultimate liability related to BTO, and work towards settling any amounts owed in a timely manner. We believe a ratifying motion documented in the Board of Directors meeting minutes is appropriate in order to demonstrate the oversight of those charged with governance and the agreement of all parties as to the decisions reached concerning BTO.

* * * * *

This communication is intended solely for the information and use of management, the Board of Directors, others within the organization, and cognizant agencies of Kids Incorporated of the Big Bend and is not intended to be, and should not be, used by anyone other than these specified parties.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
October 25, 2013

Pamela B. Davis
Executive/EHS Director



2326 Centerville Road, NE, Tallahassee, FL 32308
850-414-9800; Fax: 414-9810
www.kidsincorporated.org

October 25, 2013

Thomas Howell Ferguson P.A.
2615 Centennial Blvd., Suite 200
Tallahassee, Florida 32308

This representation letter is provided in connection with your audits of the financial statements of Kids Incorporated of the Big Bend (the Agency) which comprise the statements of financial position as of May 31, 2013 and 2012, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief as of the date of this letter, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated September 10, 2013, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Guarantees, whether written or oral, under which the Agency is contingently liable.

- b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
 - c. Lines of credit or similar arrangements.
 - d. Agreements to repurchase assets previously sold.
 - e. Security agreements in effect under the Uniform Commercial Code.
 - f. All other liens or encumbrances on assets and all other pledges of assets.
 - g. Amounts of contractual obligations for construction and/or purchase of real property, equipment, other assets, and intangibles.
 - h. Investments in debt and equity securities.
 - i. All liabilities that are subordinated to any other actual or possible liabilities of the Agency.
 - j. All leases and material amounts of rental obligations under long-term leases.
 - k. All significant estimates and material concentrations known to management that are required to be disclosed in accordance with the *Risks and Uncertainties* Topic of the FASB Accounting Standards Codification. Significant estimates are estimates at the date of the statement of financial position that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.
 - l. Assets and liabilities measured at fair value in accordance with the *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification
 - m. All current and deferred assets and liabilities related to the accounting for income taxes. Additionally, we have evaluated the tax positions under the two-step approach for recognition and measurement of uncertain tax positions required by the *Income Taxes* Topic of the FASB Accounting Standards Codification.
 - n. All recordable contributions, by appropriate net asset class.
 - o. Reclassifications between net asset classes.
 - p. Allocations of functional expenses based on reasonable basis.
 - q. Composition of assets in amounts needed to comply with all donor restrictions.
 - r. Deferred revenue from exchange transactions.
 - s. Refundable advances.
 - t. Board-designated unrestricted net assets.
 - u. Concentrations of credit risk.
 - v. Derivative financial instruments, of which there were none.
9. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
- a. The Agency has no significant amounts of idle property and equipment.
 - b. The Agency has no plans or intentions to discontinue the operations of any subsidiary or division, or to discontinue any significant product lines or service locations.
 - c. Provision has been made to reduce all assets that have permanently declined in value to their realizable values.

- d. We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.
10. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
 - a. To reduce receivables to their estimated net collectable amounts.
 - b. To reduce deferred tax assets to amounts that are more likely than not to be realized.
 - c. For uninsured losses or loss retentions (deductibles) attributable to events occurring through May 31, 2013 and/or for expected retroactive insurance premium adjustments applicable to periods through May 31, 2013.
 - d. For pension obligations, postretirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through May 31, 2013.
 - e. For any material loss to be sustained in the fulfillment of or from the inability to fulfill any sales commitments, including promises to give.
 - f. For any material loss to be sustained as a result of purchase commitments for inventory quantities or other assets in excess of normal requirements or at prices in excess of the prevailing market prices.
 - g. For environmental clean-up obligations.
 - h. For amounts held for others under agency and/or split interest agreements.
 11. There are no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the *Contingencies* Topic of the FASB Accounting Standards Codification.
 12. The Agency has satisfactory title to all owned assets.
 13. We have complied with all aspects of contractual agreements, grants, and donor restrictions that would have a material effect on financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are subject to the requirements of the Single Audit Act and OMB Circular No. A-133, and we have complied with all required Single Audit Act, OMB Circular No. A-133, and OMB Circular No. A-122 guidance.
 14. In considering disclosures that should be made about risks and uncertainties, we concluded that the matters disclosed in the notes to the financial statement are appropriate and that no further items require disclosure.
 15. We agree with the restatement of the previously issued financial statements discussed in Note 9 to the financial statements. In that regard:
 - a. The restatement corrects an error in those financial statements.

- b. We were not aware of the error when those financial statements were issued.
- c. We are not aware of any other errors in those financial statements.
- d. We do not believe it is necessary to recall those financial statements and all users of those financial statements will receive a copy of the current year's financial statements and report of independent auditors.

16. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

17. We have provided you with:

- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
- b. Additional information that you have requested from us for the purpose of the audit;
- c. Unrestricted access to persons within the Agency from whom you determined it necessary to obtain audit evidence.
- d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

18. All transactions have been recorded in the accounting records and are reflected in the financial statements.

19. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

20. We have no knowledge of allegations of fraud or suspected fraud, affecting the Agency's financial statements involving:

- a. Management.
- b. Employees who have significant roles in the internal control.
- c. Others where the fraud could have a material effect on the financial statements.

21. We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's financial statements received in communications from employees, former employees, regulators, or others.

22. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

23. We are not aware of any pending or threatened litigation and claims whose effects were considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.

24. We have disclosed to you the identity of the Agency's related parties and all the related-party relationships and transactions of which we are aware.

25. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Agency's ability to record, process, summarize, and report financial data.

26. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

Supplementary Information

27. With respect to supplementary information presented in relation to the financial statements as a whole:

- a. We acknowledge our responsibility for the presentation of such information.
- b. We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. The following are underlying significant assumptions or interpretations regarding the measurement or presentation of such information:

The cost allocation methodology used to allocate costs between program, general/administrative, and fundraising functions is reasonable, follows the Agency's established cost allocation plan, and is consistent with prior periods.

- e. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

28. With respect to the other financial information and other reports presented as required by *Government Auditing Standards*, issued by the Comptroller General of the United States, to supplement the basic financial statements:

- a. We acknowledge our responsibility for the presentation of such required supplementary information.
- b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. The following are underlying significant assumptions or interpretations regarding the measurement or presentation of such information:

The cost allocation methodology used to allocate costs between program, general/administrative, and fundraising functions is reasonable, follows the Agency's established cost allocation plan, and is consistent with prior periods.

29. We have received a determination from the Internal Revenue Service that we are exempt from federal income taxes as a Section 501(c)(3) not-for-profit corporation, and we have complied with the IRS regulations regarding this exemption.

30. Pam Davis, Executive Director/CEO, is responsible for overseeing, evaluating the adequacy of, and accepting the results of any routine consulting services and tax services.

31. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm:

32. We are responsible for:

- a. Compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to Kids Incorporated of the Big Bend.
- b. Establishing and maintaining effective internal control over financial reporting.

33. We have identified and disclosed to you:

- a. All laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determinations of financial statement amounts or other financial data significant to audit objectives.
- b. Violations (and possible violations) of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.

34. We have taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that has been reported in prior periods.

35. We have a process to track the status of audit findings and recommendations.

36. We have identified for you previous audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the corrective action taken to address significant findings and recommendations.

37. We have reviewed, approved, and take full responsibility for the financial statements and related notes and acknowledge the auditor's role in the preparation of this information.

38. We have reviewed, approved, and take full responsibility for all audit adjustments and other services provided or coordinated by Thomas Howell Ferguson P.A., and acknowledge the auditor's role in the preparation of the adjustments.

In connection with your audit of federal awards conducted in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, we confirm:

39. We are responsible for complying, and we have complied, with the requirements of OMB Circular A-133.

40. We are responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs.

41. We are responsible for establishing and maintaining, and we have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on our federal programs.

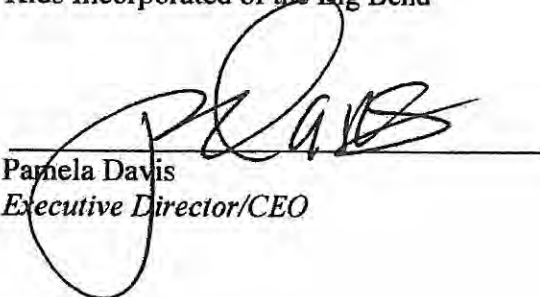
42. We have prepared the schedule of expenditures of federal awards in accordance with Circular A-133 and have included expenditures made during the period being audited for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.

43. We have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.


44. We have made available all contracts and grant agreements (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
45. We have identified and disclosed to you any/all amounts questioned and any/all known noncompliance with the direct and material compliance requirements of federal awards.
46. We believe that we have complied with the direct and material compliance requirements.
47. We have made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
48. We have provided you our interpretations of any compliance requirements that are subject to varying interpretations.
49. We have disclosed to you any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of your report.
50. We are responsible for taking corrective action on audit findings of the compliance audit.
51. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of your report.
52. We have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
53. If assets acquired with proceeds from federal grants are disposed of, a percentage of the proceeds (or some other percentage based on the value disposed) must typically be returned to the grantor agency. This percentage, if due, is typically equal to the percentage of grant funds used to acquire the related asset disposed unless otherwise directed by the grantor agency. Further discussion as shown in the notes to the financial statements is representative of such criteria. During both the years ended May 31, 2013 and 2012, the Agency sold two vehicles after receiving disposal authorization from the original grantor agency and in each case was instructed by that agency to include the proceeds as program income on the Agency's SF-425 report. Such disclosures have been or will be completed as necessary.
54. We have disclosed the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
55. We have disclosed any/all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by your report.
56. We have disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by us with regard to significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance is audited.
57. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

58. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
59. We have charged costs to federal awards in accordance with applicable cost principles.
60. We are responsible for, and have accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by Circular A-133.
61. We will accurately complete appropriate sections of the data collection form. We further acknowledge our responsibility for the complete, accurate, and timely filing of the data collection form with the Federal Audit Clearinghouse.
62. We have disclosed all contracts or other agreements with service organizations, and have no matters to communicate to you regarding such organizations.

Sincerely,
Kids Incorporated of the Big Bend



Pamela Davis
Executive Director/CEO



Stephen Kalifeh, CPA
Finance & Operations Director/CFO

Return of Organization Exempt From Income Tax

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2012 calendar year, or tax year beginning 06/01, 2012, and ending 05/31, 2013

B Check if applicable:
 Address change
 Name change
 Initial return
 Terminated
 Amended return
 Application pending

C Name of organization
KIDS INCORPORATED OF THE BIG BEND
 Doing Business As

D Employer identification number
23-7411718

Number and street (or P.O. box if mail is not delivered to street address) Room/suite
2326 CENTERVILLE ROAD

E Telephone number
(850) 414-9800

City, town or post office, state, and ZIP code
TALLAHASSEE, FL 32308-4318

G Gross receipts \$ 4,066,580.

F Name and address of principal officer: PAMELA DAVIS
2326 CENTERVILLE ROAD TALLAHASSEE, FL 32308-4318

H(a) Is this a group return for affiliates? Yes No
H(b) Are all affiliates included? Yes No
 If "No," attach a list. (see instructions)

I Tax-exempt status: 501(c)(3) 501(c) () (insert no.) 4947(a)(1) or 527

J Website: WWW.KIDSINCORPORATED.ORG

K Form of organization: Corporation Trust Association Other

L Year of formation: 1972 **M** State of legal domicile: FL

H(c) Group exemption number

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: <u>SUPPORTING AND EDUCATING FAMILIES AND YOUNG CHILDREN THROUGH QUALITY EARLY LEARNING, HEALTH AND FAMILY SERVICES.</u>		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	<u>3</u>	<u>14</u>
	4 Number of independent voting members of the governing body (Part VI, line 1b)	<u>4</u>	<u>14</u>
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	<u>5</u>	<u>149</u>
	6 Total number of volunteers (estimate if necessary)	<u>6</u>	<u>850</u>
	7a Total unrelated business revenue from Part VIII, column (C), line 12	<u>7a</u>	<u>0</u>
b Net unrelated business taxable income from Form 990-T, line 34	<u>7b</u>	<u>0</u>	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	<u>3,829,502.</u>	<u>3,949,751.</u>
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	<u>107,342.</u>	<u>102,541.</u>
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	<u>7,515.</u>	<u>5,095.</u>
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	<u>10,273.</u>	<u>1,588.</u>
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	<u>3,954,632.</u>	<u>4,058,975.</u>
	14 Benefits paid to or for members (Part IX, column (A), line 4)	<u>0</u>	<u>0</u>
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	<u>0</u>	<u>0</u>
	16a Professional fundraising fees (Part IX, column (A), line 11e)	<u>2,626,941.</u>	<u>2,805,877.</u>
	b Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/>	<u>0</u>	<u>0</u>
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	<u>6,322.</u>	<u>0</u>
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	<u>1,393,458.</u>	<u>1,252,950.</u>
19 Revenue less expenses. Subtract line 18 from line 12	<u>4,020,399.</u>	<u>4,058,827.</u>	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21 Total liabilities (Part X, line 26)	<u>-65,767.</u>	<u>148.</u>
	22 Net assets or fund balances. Subtract line 21 from line 20.	<u>2,647,408.</u>	<u>2,764,292.</u>
		<u>510,603.</u>	<u>737,138.</u>
	<u>2,136,805.</u>	<u>2,027,154.</u>	

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer

PAMELA DAVIS

Type or print name and title

EXECUTIVE DIRECTOR

Date

2/20/14

Paid Preparer Use Only

Print/Type preparer's name
DEBORAH LEONARD

Preparer's signature

Date

Check if self-employed

PTIN

P00218358

Firm's name THOMAS HOWELL FERGUSON P.A.

Firm's EIN 59-3186310

Firm's address 2615 CENTENNIAL BLVD., SUITE 200 TALLAHASSEE, FL 32308

Phone no. 850-668-8100

May the IRS discuss this return with the preparer shown above? (see instructions)

Yes No

For Paperwork Reduction Act Notice, see the separate Instructions.

Form **990** (2012)

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III [X]

1 Briefly describe the organization's mission:

SUPPORTING AND EDUCATING FAMILIES AND YOUNG CHILDREN THROUGH QUALITY EARLY LEARNING, HEALTH AND FAMILY SERVICES.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [] Yes [X] No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [X] Yes [] No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 3,528,929. including grants of \$) (Revenue \$ 3,643,665.)

THROUGH THE EARLY HEAD START (EHS) PROGRAM, THE ORGANIZATION PROVIDES COMPREHENSIVE SERVICES TO AT-RISK CHILDREN AGES BIRTH TO 3 YEARS, THEIR FAMILIES AND TO PRENATAL WOMEN. THE SERVICES INCLUDE QUALITY EARLY EDUCATION IN AND OUT OF THE HOME; HOME VISITS; PARENT EDUCATION, INCLUDING PARENT-CHILD ACTIVITIES; COMPREHENSIVE HEALTH SERVICES, INCLUDING SERVICES TO WOMEN BEFORE, DURING AND AFTER PREGNANCY; NUTRITION; ONGOING SUPPORT FOR PARENTS THROUGH CASE MANAGEMENT AND PEER SUPPORT GROUPS. THE ORGANIZATION OPERATES 6 EHS EARLY LEARNING CENTERS IN LEON, JEFFERSON AND MADISON COUNTIES.

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O.)

(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses 3,528,929.

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II		X
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V	X	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	X	
b Did the organization report an amount for investments-other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII		X
c Did the organization report an amount for investments-program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX		X
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X		X
12 a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII	X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		X
14 a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		X
20 a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H		X
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		X

Part IV Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II.		X
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		X
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J		X
24 a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25 a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		X
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV		X
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		X
34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1		X
35 a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V.

Table with columns for question number, description, and Yes/No checkboxes. Includes questions 1a through 14b regarding Form 1096, Form W-2G, backup withholding, Form W-3, foreign accounts, prohibited transactions, and charitable contributions.

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI. [X]

Section A. Governing Body and Management

Table with columns for question number, description, and Yes/No responses. Includes questions 1a, 1b, 2, 3, 4, 5, 6, 7a, 7b, 8a, 8b, and 9.

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

Table with columns for question number, description, and Yes/No responses. Includes questions 10a, 10b, 11a, 11b, 12a, 12b, 12c, 13, 14, 15a, 15b, 16a, and 16b.

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed NONE
18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection.
19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization.

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's current officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's current key employees, if any. See instructions for definition of "key employee."
- List the organization's five current highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's former officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's former directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) MARCY SANDERS CHAIRPERSON	.30	X		X				0	0	0
(2) BART GUNTER DIRECTOR	.30	X						0	0	0
(3) RENEE S MULDOON DIRECTOR	.30	X						0	0	0
(4) HONORABLE MAGGIE LEWIS-BUTLER IMMEDIATE PAST CHAIR	.30	X		X				0	0	0
(5) JOHN GRAYSON AUDIT/FINANCE COMMITTEE CHAIR	.30	X						0	0	0
(6) ERIK DAVIS DIRECTOR	.30	X						0	0	0
(7) KAREN WALKER VICE-CHAIRPERSON	.30	X		X				0	0	0
(8) LEANN WATTS-WILLIAMS SECRETARY	.30	X		X				0	0	0
(9) KIM GALBAN DIRECTOR	.30	X						0	0	0
(10) KELLY LAYMAN DIRECTOR	.30	X						0	0	0
(11) TOR FRIEDMAN DIRECTOR	.30	X						0	0	0
(12) BRAD VAUGHAN DIRECTOR	.30	X						0	0	0
(13) PATTY BALL THOMAS DIRECTOR	.30	X						0	0	0
(14) LESLIE WARREN POLICY COUNCIL CHAIRPERSON	.30	X		X				0	0	0

Part VIII Statement of Revenue

Check if Schedule O contains a response to any question in this Part VIII.

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a	201,802.					
	b Membership dues	1b						
	c Fundraising events	1c						
	d Related organizations	1d						
	e Government grants (contributions)	1e	3,643,685.					
	f All other contributions, gifts, grants, and similar amounts not included above	1f	104,264.					
	g Noncash contributions included in lines 1a-1f: \$							
	h Total. Add lines 1a-1f			3,949,751.				
Program Services Revenue	Business Code							
	2a PARENT FEES		900099	58,870.	58,870.			
	b CHILDCARE FEES		900099	43,671.	43,671.			
	c							
	d							
	e							
	f All other program service revenue							
g Total. Add lines 2a-2f			102,541.					
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)			2,125.			2,125.	
	4 Income from investment of tax-exempt bond proceeds			0				
	5 Royalties			0				
	6a Gross rents	(i) Real	(ii) Personal					
		b Less: rental expenses						
		c Rental income or (loss)						
		d Net rental income or (loss)			0			
	7a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other					
		b Less: cost or other basis and sales expenses						
		c Gain or (loss)		2,970.				
		d Net gain or (loss)			2,970.	2,970.		
	8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a		9,194.				
		b Less: direct expenses	b	7,605.				
		c Net income or (loss) from fundraising events			1,588.			1,588.
	9a Gross income from gaming activities. See Part IV, line 19	a						
b Less: direct expenses		b						
c Net income or (loss) from gaming activities				0				
10a Gross sales of inventory, less returns and allowances	a							
	b Less: cost of goods sold	b						
	c Net income or (loss) from sales of inventory			0				
Miscellaneous Revenue			Business Code					
11a								
b								
c								
d All other revenue								
e Total. Add lines 11a-11d				0				
12 Total revenue. See instructions				4,058,975.	105,511.		3,713.	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	0			
2 Grants and other assistance to individuals in the United States. See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	221,916.	194,796.	27,120.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	2,084,258.	1,826,415.	254,713.	3,130.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	0			
9 Other employee benefits	499,703.	440,474.	58,471.	758.
10 Payroll taxes	0			
11 Fees for services (non-employees):				
a Management	0			
b Legal	0			
c Accounting	31,627.		31,593.	34.
d Lobbying	0			
e Professional fundraising services. See Part IV, line 17	0			
f Investment management fees	0			
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	84,391.	17,709.	66,495.	187.
12 Advertising and promotion	3,865.	2,172.	1,693.	
13 Office expenses	193,911.	181,585.	11,164.	1,162.
14 Information technology	4,503.	4,475.	26.	2.
15 Royalties	0			
16 Occupancy	398,345.	360,659.	37,550.	136.
17 Travel	101,101.	100,168.	929.	4.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	1,779.	1,405.	374.	
20 Interest	2,684.		2,684.	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	130,304.	117,977.	12,283.	44.
23 Insurance	41,438.	40,471.	960.	7.
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a <u>CENTER FOOD SUPPLIES</u>	140,080.	140,080.		
b <u>EQUIPMENT MAINTENANCE</u>	39,829.	28,095.	11,669.	65.
c <u>LICENSES</u>	13,945.	12,111.	1,821.	13.
d <u>COMMUNICATION EXPENSE</u>	44,294.	41,813.	2,463.	18.
e All other expenses	20,854.	18,524.	1,568.	762.
25 Total functional expenses. Add lines 1 through 24e	4,058,827.	3,528,929.	523,576.	6,322.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)	0			

Part X Balance Sheet

Check if Schedule O contains a response to any question in this Part X X

		(A) Beginning of year		(B) End of year		
Assets	1	Cash - non-interest-bearing	22,338.	1	61,072.	
	2	Savings and temporary cash investments	57.	2	0	
	3	Pledges and grants receivable, net	0	3	0	
	4	Accounts receivable, net	249,981.	4	291,839.	
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	0	5	0	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L	0	6	0	
	7	Notes and loans receivable, net	0	7	0	
	8	Inventories for sale or use	0	8	0	
	9	Prepaid expenses and deferred charges	430.	9	0	
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	3,268,511.			
		10a				
		b Less: accumulated depreciation	918,705.			
		10b				
		11	Investments - publicly traded securities	2,315,152.	10c	2,349,806.
		12	Investments - other securities. See Part IV, line 11	0	11	0
		13	Investments - program-related. See Part IV, line 11	0	12	0
	14	Intangible assets	0	13	0	
	15	Other assets. See Part IV, line 11	59,450.	14	0	
	15	Other assets. See Part IV, line 11	59,450.	15	61,575.	
	16	Total assets. Add lines 1 through 15 (must equal line 34)	2,647,408.	16	2,764,292.	
Liabilities	17	Accounts payable and accrued expenses	437,420.	17	463,732.	
	18	Grants payable	0	18	0	
	19	Deferred revenue	7,450.	19	114,625.	
	20	Tax-exempt bond liabilities	0	20	0	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D	0	21	0	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L	0	22	0	
	23	Secured mortgages and notes payable to unrelated third parties	0	23	0	
	24	Unsecured notes and loans payable to unrelated third parties	0	24	0	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	65,733.	25	158,781.	
	26	Total liabilities. Add lines 17 through 25	510,603.	26	737,138.	
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> X and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets	2,136,805.	27	2,027,154.	
	28	Temporarily restricted net assets	0	28	0	
	29	Permanently restricted net assets	0	29	0	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds		30		
	31	Paid-in or capital surplus, or land, building, or equipment fund		31		
	32	Retained earnings, endowment, accumulated income, or other funds		32		
33	Total net assets or fund balances	2,136,805.	33	2,027,154.		
34	Total liabilities and net assets/fund balances.	2,647,408.	34	2,764,292.		

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	4,058,975.
2	Total expenses (must equal Part IX, column (A), line 25)	2	4,058,827.
3	Revenue less expenses. Subtract line 2 from line 1	3	148.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	2,136,805.
5	Net unrealized gains (losses) on investments	5	0
6	Donated services and use of facilities	6	0
7	Investment expenses	7	0
8	Prior period adjustments	8	-109,799.
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	2,027,154.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
b Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	X	
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	X	

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

Name of the organization

KIDS INCORPORATED OF THE BIG BEND

Employer identification number

23-7411718

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
- 2 A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4 A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8 A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 - a Type I b Type II c Type III-Functionally integrated d Type III-Non-functionally integrated
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box.
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 - (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

	Yes	No
11g(i)		
 - (ii) A family member of a person described in (i) above?

	Yes	No
11g(ii)		
 - (iii) A 35% controlled entity of a person described in (i) or (ii) above?

	Yes	No
11g(iii)		
- h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2012

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
 (Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	2,818,295.	3,409,802.	4,414,349.	3,829,502.	3,935,811.	18,407,759.
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						0
3 The value of services or facilities furnished by a governmental unit to the organization without charge						0
4 Total. Add lines 1 through 3.	2,818,295.	3,409,802.	4,414,349.	3,829,502.	3,935,811.	18,407,759.
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f).						0
6 Public support. Subtract line 5 from line 4.						18,407,759.

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4	2,818,295.	3,409,802.	4,414,349.	3,829,502.	3,935,811.	18,407,759.
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	-323.	1,488.	7,030.	55.	2,125.	10,375.
9 Net income from unrelated business activities, whether or not the business is regularly carried on						0
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						0
11 Total support. Add lines 7 through 10						18,418,134.
12 Gross receipts from related activities, etc. (see instructions)				12		571,647.
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))	14	99.94 %
15 Public support percentage from 2011 Schedule A, Part II, line 14	15	99.95 %
16a 33 1/3% support test - 2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input checked="" type="checkbox"/>
b 33 1/3% support test - 2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10%-facts-and-circumstances test - 2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10%-facts-and-circumstances test - 2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b.						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6.						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here.	<input type="checkbox"/>					

Section C. Computation of Public Support Percentage

15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f)).	15	%
16 Public support percentage from 2011 Schedule A, Part III, line 16	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2012. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶

b 33 1/3% support tests - 2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Schedule of Contributors

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.

2012

Name of the organization
 KIDS INCORPORATED OF THE BIG BEND

Employer identification number
 23-7411718

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust not treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3 % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year ▶ \$ _____

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it must answer "No" on Part IV, line 2 of its Form 990; or check the box on line H of its Form 990-EZ or on Part I, line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization KIDS INCORPORATED OF THE BIG BEND

Employer identification number
23-7411718

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	COMMUNITY FOUNDATION OF NORTH FLORIDA 1621 METROPOLITAN BLVD. SUITE A TALLAHASSEE, FL 32308	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	U.S. DEPT. OF HEALTH & HUMAN SERVICES 200 INDEPENDENCE AVE. S.W. WASHINGTON, DC 20201	\$ 3,344,502.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3	U.S. DEPARTMENT OF AGRICULTURE 1400 INDEPENDENCE AVE. S.W. WASHINGTON, DC 20250	\$ 199,183.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
4	UNITED WAY OF THE BIG BEND 307 E. SEVENTH AVENUE TALLAHASSEE, FL 32303	\$ 201,802.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
5	CITY OF TALLAHASSEE 300 SOUTH ADAMS STREET TALLAHASSEE, FL 32301-1731	\$ 28,500.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization **KIDS INCORPORATED OF THE BIG BEND**

Employer identification number

23-7411718

Part II Noncash Property (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- ----- -----	\$-----	-----
-----	----- ----- ----- -----	\$-----	-----
-----	----- ----- ----- -----	\$-----	-----
-----	----- ----- ----- -----	\$-----	-----
-----	----- ----- ----- -----	\$-----	-----
-----	----- ----- ----- -----	\$-----	-----
-----	----- ----- ----- -----	\$-----	-----
-----	----- ----- ----- -----	\$-----	-----
-----	----- ----- ----- -----	\$-----	-----
-----	----- ----- ----- -----	\$-----	-----

Name of organization KIDS INCORPORATED OF THE BIG BEND

Employer identification number
23-7411718

Part III Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total more than \$1,000 for the year. Complete columns (a) through (e) and the following line entry.

For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this information once. See instructions.) ▶ \$ _____

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
---	----- ----- -----	----- ----- -----	----- ----- -----
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
----- ----- -----		----- ----- -----	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
---	----- ----- -----	----- ----- -----	----- ----- -----
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
----- ----- -----		----- ----- -----	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
---	----- ----- -----	----- ----- -----	----- ----- -----
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
----- ----- -----		----- ----- -----	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
---	----- ----- -----	----- ----- -----	----- ----- -----
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
----- ----- -----		----- ----- -----	

**SCHEDULE D
(Form 990)**

Supplemental Financial Statements

OMB No. 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization

Employer identification number

KIDS INCORPORATED OF THE BIG BEND

23-7411718

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? Yes No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? Yes No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply):

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? Yes No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? Yes No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____

(ii) Assets included in Form 990, Part X ▶ \$ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____

b Assets included in Form 990, Part X ▶ \$ _____

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule D (Form 990) 2012

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

- 3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):
- a Public exhibition
 - b Scholarly research
 - c Preservation for future generations
 - d Loan or exchange programs
 - e Other _____
- 4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.
- 5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No
- b If "Yes," explain the arrangement in Part XIII and complete the following table:
- | | Amount |
|---|--------|
| c Beginning balance | 1c |
| d Additions during the year | 1d |
| e Distributions during the year | 1e |
| f Ending balance | 1f |
- 2a Did the organization include an amount on Form 990, Part X, line 21? Yes No
- b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII. Yes No

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	15,739.	16,147.	4,747.	3,426.	5,626.
b Contributions			11,400.		2,200.
c Net investment earnings, gains, and losses	1,624.	-408.		1,321.	-4,400.
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	17,363.	15,739.	16,147.	4,747.	3,426.

- 2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:
- a Board designated or quasi-endowment ▶ _____ %
 - b Permanent endowment ▶ _____ %
 - c Temporarily restricted endowment ▶ 100.0000 %
- The percentages in lines 2a, 2b, and 2c should equal 100%.
- 3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
- | | Yes | No |
|---|--------|----|
| (i) unrelated organizations | 3a(i) | X |
| (ii) related organizations | 3a(ii) | X |
| b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? | 3b | |

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		17,250.		17,250.
b Buildings		476,016.	84,772.	391,244.
c Leasehold improvements		2,314,031.	578,483.	1,735,548.
d Equipment		395,067.	193,988.	201,079.
e Other		66,146.	61,461.	4,685.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ▶				2,349,806.

Part VII Investments - Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

Part VIII Investments - Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) CAPITALIZED LEASE PAYABLE	158,781.
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	158,781.

2. FIN 48 (ASC 740) Footnote. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII.

Part XIII Supplemental Information (continued)

SCH D, PART V

LINE 4

THE ORGANIZATION'S ENDOWMENT FUND EARNINGS ARE USED IN THE ADMINISTRATION OF KIDS, INC. PROGRAM SERVICES.

PART X, LINE 2

WITH FEW EXCEPTIONS, THE ORGANIZATION IS NO LONGER SUBJECT TO EXAMINATIONS BY MAJOR TAX JURISDICTIONS FOR YEARS ENDED MAY 31, 2010 AND PRIOR.

PART XII, LINE 4B

SPECIAL EVENT EXPENSES -\$7,605

FOR AUDITED FINANCIAL STATEMENT PURPOSES, EXPENSES ASSOCIATED WITH FUNDRAISING EVENTS ARE RECORDED IN OPERATING EXPENSES. FOR TAX RETURN PURPOSES, EXPENSES ASSOCIATED WITH FUNDRAISING EVENTS ARE RECORDED ON THE STATEMENT OF REVENUE, PART VIII, LINE 8B.

PART XIII, LINE 2D

SPECIAL EVENT EXPENSES \$7,605

FOR AUDITED FINANCIAL STATEMENT PURPOSES, EXPENSES ASSOCIATED WITH FUNDRAISING EVENTS ARE RECORDED IN OPERATING EXPENSES. FOR TAX RETURN PURPOSES, EXPENSES ASSOCIATED WITH FUNDRAISING EVENTS ARE RECORDED ON THE STATEMENT OF REVENUE, PART VIII, LINE 8B.

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

OMB No. 1545-0047

2012

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

Name of the organization

Employer identification number

KIDS INCORPORATED OF THE BIG BEND

23-7411718

PART I SUMMARY

LINE 6 - TOTAL NUMBER OF VOLUNTEERS

KIDS INCORPORATED INVOLVES 850 VOLUNTEERS IN A NUMBER OF WAYS TO ENHANCE PROGRAM SERVICES AND HELP EDUCATE THE COMMUNITY ABOUT ITS PROGRAMS AND NEEDS. VOLUNTEERS ASSIST IN THE EARLY LEARNING CENTERS, PROVIDING AN EXTRA PAIR OF HANDS, READING TO CHILDREN, ASSISTING ON THE PLAYGROUND, ROCKING BABIES, AND INTERACTING WITH THE CHILDREN. THEY ALSO HELP "SPRUCE UP" THE CENTERS AS PART OF GROUP PROJECTS, HELPING PAINT THE CLASSROOMS, SPREAD MULCH ON THE PLAYGROUND, AND ASSIST WITH CLEAN-UP AND LANDSCAPING NEEDS. VOLUNTEERS ALSO ASSIST IN PROVIDING HANDS-ON CHILDREN'S ACTIVITIES AT COMMUNITY OUTREACH EVENTS AND HELP PLAN KIDSFEST, AN ANNUAL FAMILY-FUN DAY WHERE BUSINESS AND ORGANIZATIONS PROVIDE CHILDREN'S ACTIVITIES AND SHARE INFORMATION ABOUT SERVICES TO FAMILIES. INTERNS FROM AREA COLLEGES AND UNIVERSITIES ASSIST IN THE MAIN OFFICE AND IN THE EARLY LEARNING CENTERS.

PART III- STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

LINE 3

KIDS INCORPORATED LAUNCHED NEW WEB TECHNOLOGY WHICH IMPROVED MEETING ATTENDANCE AND PARTICIPATION, IMPLEMENTED A MALE INVOLVEMENT PROGRAM, COMPLETED PROJECT REAL, COMPLETED THE CONVERSION OF PLAYGROUNDS TO NATURAL PLAYSCAPES AND COMPLETED THEIR TRIANNUAL COMMUNITY ASSESSMENT.

PART VI, GOVERNANCE, MANAGEMENT AND DISCLOSURE

Name of the organization

KIDS INCORPORATED OF THE BIG BEND

Employer identification number

23-7411718

SECTION B, LINE 11A

THE FORM 990 AND ACCOMPANYING SCHEDULES ARE REVIEWED BY THE CHIEF FINANCIAL OFFICER, EXECUTIVE DIRECTOR AND EXECUTIVE COMMITTEE FOR ACCURACY. THE CFO RESOLVES ANY ISSUES OR QUESTIONS WITH THE INDEPENDENT ACCOUNTING FIRM THAT PREPARES THE FORMS. NO FURTHER REVIEW BY THE BOARD IS REQUIRED BEFORE THE FORMS ARE FILED WITH THE INTERNAL REVENUE SERVICE CENTER.

SECTION B, LINE 12C

THE BOARD OF DIRECTORS SIGN A CONFLICT OF INTEREST POLICY AND CODE OF CONDUCT STATEMENT. IF A CONFLICT EXISTS, THEN IT IS EXPRESSED VERBALLY AND WRITTEN IN THE MEETING MINUTES AND THEN THE APPLICABLE PARTY DOES NOT VOTE.

SECTION B, LINE 15A

A WAGE COMPARABILITY STUDY IS COMPLETED EVERY YEAR, RAISES ARE SUBJECT TO BOARD APPROVAL, AND A PERSONNEL COMMITTEE MEETS TO DISCUSS EXECUTIVE DIRECTOR'S SALARY. THE PERSONNEL COMMITTEE HAS BEEN DELEGATED THE AUTHORITY TO ACT AS THE COMPENSATION COMMITTEE. THE EXECUTIVE DIRECTOR HAS THE AUTHORITY TO SET THE SALARY PACKAGES FOR ALL OTHER EMPLOYEES.

SECTION C, LINE 19

THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST. THESE DOCUMENTS ARE ALSO AVAILABLE ON THE ORGANIZATION'S WEBSITE.

Name of the organization

KIDS INCORPORATED OF THE BIG BEND

Employer identification number

23-7411718

PART XI - RECONCILIATION OF NET ASSETS

LINE 8 - PRIOR PERIOD ADJUSTMENT

DURING THE YEAR ENDED MAY 31, 2013, THE AGENCY IDENTIFIED CERTAIN ERRORS IN ITS ACCOUNTING RECORDS THAT IT BELIEVED REQUIRED ADJUSTMENT IN PERIODS PRIOR TO FISCAL YEAR 2012-13. ERRORS RELATED TO THE ACCRUED LEAVE BALANCE PAYABLE AND GENERAL AND ADMINISTRATIVE EXPENSES. A PRIOR PERIOD ADJUSTMENT WAS RECORDED TO REFLECT THE EXPENSES IN THE YEARS TO WHICH THEY RELATED. MAY 31, 2012 NET ASSET BALANCE WAS REDUCED BY \$103,967 AND ACCRUED EXPENSES WERE INCREASED BY \$109,799 AND ADMINISTRATIVE EXPENSES WERE REDUCED BY \$5,832.

Application for Extension of Time To File an Exempt Organization Return

▶ **File a separate application for each return.**

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box
 - If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).
- Do not complete Part II unless** you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile and click on **e-file for Charities & Nonprofits**.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Type or print <small>File by the due date for filing your return. See instructions.</small>	Name of exempt organization or other filer, see instructions.	Employer identification number (EIN) or
	KIDS INCORPORATED OF THE BIG BEND	23-7411718
	Number, street, and room or suite no. If a P.O. box, see instructions.	Social security number (SSN)
	2326 CENTERVILLE ROAD	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.	
	TALLAHASSEE, FL 32308	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720- (Individual)	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ▶ Stephen Kalifeh
- Telephone No. ▶ 850-414-9800 FAX No. ▶ 850-414-9810
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) . If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until January 15, 20 14, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

▶ calendar year 20 or

▶ tax year beginning June 1, 20 12, and ending May 31, 20 13.

2 If the tax year entered in line 1 is for less than 12 months, check reason: Initial return Final return Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a \$
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b \$
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c \$

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions. For Privacy Act and Paperwork Reduction Act Notice, see Instructions.