

CONSIDINE CONSIDINE
CERTIFIED PUBLIC ACCOUNTANTS

To The Board of Directors
Voices For Children
A Nonprofit Organization

Independent Auditor's Report

We have audited the accompanying statements of financial position of Voices For Children, A Nonprofit Organization, as of June 30, 2010 and 2009, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Voices For Children as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Considine & Considine

CONSIDINE & CONSIDINE
An Accountancy Corporation

October 28, 2010

Earning Your Trust Since 1946

1501 FIFTH AVENUE, SUITE 400 · SAN DIEGO, CALIFORNIA 92101-3297
TEL 619-231-1977 · FAX 619-231-8244 · www.cccpa.com

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION**

	<u>Pages</u>
I. Index	1
II. Independent Auditor's Report	2
III. Statements of Financial Position	3
IV. Statements of Activities	4 - 5
V. Statements of Functional Expenses	6 - 7
VI. Statements of Cash Flows	8
VII. Notes to the Financial Statements	9 - 19

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009**

Page 3

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash (Notes 3 and 4)	\$ 541,251	\$ 683,330
Marketable Securities (Notes 4 and 5)	416,559	345,985
Unconditional Promise to Give (Note 6)	122,069	-
Accounts Receivable (Note 7)	127,876	29,427
Prepaid Expenses	15,070	20,456
	1,222,825	1,079,198
PROPERTY AND EQUIPMENT (Note 9)	217,428	253,634
OTHER ASSETS		
Rent Deposit	29,025	29,025
TOTAL ASSETS	1,469,278	1,361,857
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued Expenses (Note 10)	148,898	80,315
Deferred Rent	85,251	31,260
Deferred Revenue	30,225	124,438
	264,374	236,013
TOTAL LIABILITIES	264,374	236,013
NET ASSETS		
Unrestricted	983,890	1,072,938
Temporarily Restricted (Note 14)	221,014	52,906
	1,204,904	1,125,844
TOTAL LIABILITIES AND NET ASSETS	\$ 1,469,278	\$ 1,361,857

See Accompanying Notes

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

Page 4

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUES			
Gifts and Contributions	\$ 896,535	\$ 196,867	\$ 1,093,402
Special Events (Note 13) (Includes \$370,570 of Expenses)	804,074	-	804,074
Government Funding	423,800	-	423,800
Donated Facilities	23,328	-	23,328
Interest and Dividends	13,304	115	13,419
Donated Services	12,251	-	12,251
Net Realized/Unrealized Gain on Marketable Securities	30,411	-	30,411
	<u>2,203,703</u>	<u>196,982</u>	<u>2,400,685</u>
Net Assets Released From Temporary Restrictions	28,874	(28,874)	-
Total Revenue	<u>2,232,577</u>	<u>168,108</u>	<u>2,400,685</u>
EXPENSES			
Program	1,815,334	-	1,815,334
Management and General	82,885	-	82,885
Fundraising	423,406	-	423,406
Total Expenses	<u>2,321,625</u>	<u>-</u>	<u>2,321,625</u>
CHANGE IN NET ASSETS	(89,048)	168,108	79,060
NET ASSETS - BEGINNING OF YEAR	<u>1,072,938</u>	<u>52,906</u>	<u>1,125,844</u>
NET ASSETS - END OF YEAR	<u>\$ 983,890</u>	<u>\$ 221,014</u>	<u>\$ 1,204,904</u>

See Accompanying Notes

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

Page 5

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUES			
Gifts and Contributions	\$ 1,057,788	\$ 39,372	\$ 1,097,160
Special Events (Note 13) (Includes \$353,985 of Expenses)	836,339	-	836,339
Government Funding	424,500	-	424,500
Donated Facilities	23,328	-	23,328
Interest and Dividends	19,700	116	19,816
Donated Services	18,814	-	18,814
Net Realized/Unrealized Loss on Investments	(58,326)	-	(58,326)
	<u>2,322,143</u>	<u>39,488</u>	<u>2,361,631</u>
Net Assets Released From Temporary Restsrictions	139,163	(139,163)	-
Total Revenue	<u>2,461,306</u>	<u>(99,675)</u>	<u>2,361,631</u>
EXPENSES			
Program	1,962,121	-	1,962,121
Management and General	145,674	-	145,674
Fundraising	402,337	-	402,337
Total Expenses	<u>2,510,132</u>	<u>-</u>	<u>2,510,132</u>
CHANGE IN NET ASSETS	(48,826)	(99,675)	(148,501)
NET ASSETS - BEGINNING OF YEAR	<u>1,121,764</u>	<u>152,581</u>	<u>1,274,345</u>
NET ASSETS - END OF YEAR	<u>\$ 1,072,938</u>	<u>\$ 52,906</u>	<u>\$ 1,125,844</u>

See Accompanying Notes

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010**

Page 6

	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
EXPENSES				
Children's Assistance	\$ 28,982	\$ -	\$ -	\$ 28,982
Credit Card Fees	2,665	24	407	3,096
Dues & Subscriptions	7,151	1,014	787	8,952
Employee Benefits	80,970	4,230	16,535	101,735
Equipment & Maintenance	8,482	39	3,287	11,808
Food & Site Rental	8,682	-	7,521	16,203
Insurance	3,353	-	50	3,403
Materials	4,327	-	999	5,326
Mileage & Meals	53,965	-	4,462	58,427
Office Supplies	11,364	25	-	11,389
Payroll Taxes	110,549	6,674	27,192	144,415
Postage	5,242	299	5,811	11,352
Printing	17,948	-	9,777	27,725
Professional Services	32,629	5,933	60,315	98,877
Recognition Awards	6,916	-	-	6,916
Rent	331,774	3,606	25,244	360,624
Salaries	1,021,028	59,617	254,354	1,334,999
Staff Development	1,565	-	-	1,565
Telephone	18,242	449	994	19,685
Temporary Services	1,195	-	-	1,195
Workers' Compensation	11,368	465	2,100	13,933
TOTAL EXPENSES BEFORE OTHER EXPENSES	1,768,397	82,375	419,835	2,270,607
Depreciation	46,937	510	3,571	51,018
TOTAL EXPENSES	\$ 1,815,334	\$ 82,885	\$ 423,406	\$ 2,321,625

See Accompanying Notes

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

Page 7

	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
EXPENSES				
Children's Assistance	\$ 30,695	\$ -	\$ -	\$ 30,695
Credit Card Fees	2,155	-	1,786	3,941
Dues & Subscriptions	28,198	1,294	2,066	31,558
Employee Benefits	93,400	19,663	9,832	122,895
Equipment & Maintenance	10,437	-	256	10,693
Food & Site Rental	13,646	-	4,271	17,917
Insurance	17,012	-	-	17,012
Materials	5,200	-	549	5,749
Mileage & Meals	56,989	147	2,832	59,968
Office Supplies	14,520	-	50	14,570
Payroll Taxes	98,113	6,208	18,027	122,348
Postage	7,353	212	5,907	13,472
Printing	16,522	-	7,445	23,967
Professional Services	4,702	23,510	95,525	123,737
Recognition Awards	2,091	-	-	2,091
Rent	249,429	11,747	7,027	268,203
Salaries	1,235,179	79,788	236,983	1,551,950
Staff Development	1,021	-	390	1,411
Telephone	21,284	640	1,984	23,908
Temporary Services	1,474	-	-	1,474
Workers' Compensation	17,655	852	2,971	21,478
TOTAL EXPENSES BEFORE OTHER EXPENSES	1,927,075	144,061	397,901	2,469,037
Depreciation	34,281	1,613	4,436	40,330
Loss on Disposal of Property	765	-	-	766
TOTAL EXPENSES	\$ 1,962,121	\$ 145,674	\$ 402,337	\$ 2,510,132

See Accompanying Notes

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

Page 8

	2010	2009
CASH FLOWS (USED)/PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 79,060	\$ (148,501)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH (USED)/PROVIDED BY OPERATING ACTIVITIES		
Depreciation	51,018	40,330
Loss of Disposal of Property	-	765
Net Realized/Unrealized (Gain)/Loss on Marketable Securities	(30,411)	58,326
Change in Operating Assets and Liabilities:		
Unconditional Promises to Give	(122,069)	108,000
Accounts Receivable	(98,449)	(262)
Prepaid Expenses	5,386	26,393
Rent Deposit	-	8,321
Accrued Expenses	68,584	1,357
Deferred Rent	53,991	31,258
Deferred Revenue	(94,213)	61,223
	(166,163)	335,711
NET CASH (USED)/PROVIDED BY OPERATING ACTIVITIES	(87,103)	187,210
CASH FLOWS USED BY INVESTING ACTIVITIES		
Proceeds on Sale of Marketable Securities	383,212	142,868
Purchase of Marketable Securities	(423,375)	(163,261)
Purchase of Property and Equipment	(14,813)	(237,333)
	(54,976)	(257,726)
NET DECREASE IN CASH	(142,079)	(70,516)
CASH, BEGINNING	683,330	753,846
CASH, ENDING	\$ 541,251	\$ 683,330
SUPPLEMENTAL DISCLOSURES		
Interest Paid	\$ -	\$ -
Taxes Paid	\$ -	\$ -

See Accompanying Notes

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Page 9

NOTE 1 ORGANIZATION

Voices For Children ("the Organization") was incorporated as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and under the laws of the State of California on August 12, 1982. The Organization operates the only San Diego Court Appointed Special Advocate (CASA) program in the county, which trains and supervises community volunteers who are advocates for abused and neglected children in juvenile court. These volunteers undergo an extensive training program before being assigned one or two cases involving abused children. The volunteers act as fact finders for the judges, providing the information needed to make life altering decisions for these children.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements have been prepared using the accrual method in conformity with generally accepted accounting principles.

Basis of Presentation - The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Donor-Imposed Restrictions - All contributions are considered to be unrestricted unless specifically restricted by the donor. Amounts received designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted, increasing those net asset classes. If a restriction is fulfilled in the same period in which the contribution is received, the support is reported as temporarily restricted and then released from restriction in the same period. New standards were issued regarding classification of endowment funds of nonprofits subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and enhanced disclosures for endowment. The State California adopted UPMIFA in October 2008. The Organization adopted the new standards effective July 1, 2009. The adoption had no effect on the classification of net assets for the year ended June 30, 2010 or 2009.

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

Cash - The Organization considers financial instruments with a fixed maturity date of less than three months to be cash equivalents.

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Page 10

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Marketable Securities - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values as quoted by market exchanges in the statement of financial position. Unrealized and realized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Property and Equipment - The Organization capitalizes property and equipment in excess of \$1,000. Property and equipment are carried at cost. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is computed using the straight-line method of depreciation over the assets' estimated useful lives of five to seven years. Maintenance and repairs are charged to the expense as incurred; major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Deferred Revenues - Revenues received in advance of a special event are deferred. The revenues are recognized when the event occurs.

Contributions - Contributions received are considered to be unrestricted and available for general use unless designated by the donor for a specific purpose. All donor-restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Services and Facilities - The Organization recognizes the value of donated professional services and facilities by recording the donations at their fair value. All donated professional services and facilities recognized created a non-financial asset or required specialized skills that would have been purchased if they were not donated. The value of the donated professional services totaled \$12,251 and \$18,814 for the years ended June 30 2010 and 2009, respectively. The value of the donated facilities totaled \$23,328 for the years ended June 30, 2010 and 2009.

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Page 11

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

An integral component of the Organization work with foster children is its network of nearly 600 volunteers. Many volunteers dedicate several hours each month to their activities with foster children and the Organization tracks their reported hours. For fiscal years ending June 2009 and 2010, the combined, donated hours reported by all the Organization volunteers totaled 48,706 and 50,565, respectively. The value of these hours is substantial, as the Bureau of Labor Statistics values similar services in California at \$22.79 per hour as of 2007, the most recent data available. These volunteers are highly trained and closely supervised in their court advocacy and assessment activities; however, they do not meet the criteria under Generally Accepted Accounting Principles to be recorded as donated services.

Fair Value Measurement - The Organization has adopted accounting standards consistent with the FASB codification which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial assets and liabilities. The adoption of fair value measurements had no material financial effects on the Company's financial statements.

Functional Allocation of Expenses - The Organization allocates its expenses on a functional basis among its various programs and support services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Organization's management.

Income Taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, no provision has been made for federal income taxes in the accompanying financial statements.

The Organization adopted accounting standards which clarify the accounting standards for uncertainty in income taxes recognized in the Organization's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or to be taken in a tax return. It also provides guidance on derecognition and measurement of a tax position taken or to be taken in a tax return. The adoption of these standards did not have a material effect on the Organization. As of June 30, 2010, the Organization has not accrued interest or penalties related to uncertain tax positions. The Organization files tax returns in the U.S. Federal jurisdiction and the State of California. The Organization is no longer subject to U.S. and California examinations by tax authorities for years before 2006 and 2005, respectively.

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Page 12

NOTE 3 CASH

The Organization maintains its cash in two national commercial banks. Accounts at these institutions are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 as of June 30, 2010 and 2009. Effective November 2008, the FDIC implemented the Temporary Liquidity Guarantee Program which provides full coverage of non-interest bearing deposit transaction accounts, regardless of the dollar amount. At June 30, 2010 and 2009, the Organization had approximately \$205,000 and \$252,000 respectively, in excess of their insured limits at the financial institutions. The Organization has not experienced any losses in such accounts. Management believes that the Organization is not exposed to any significant credit risk with respect to its cash.

Cash consists of the following:

	<u>2010</u>	<u>2009</u>
Unrestricted Cash	\$ 442,306	\$ 630,424
Temporarily Restricted Cash	98,945	52,906
Total Cash	<u>\$ 541,251</u>	<u>\$ 683,330</u>

The temporarily restricted accounts have donor restrictions on their use and cannot be used for the Organization's operational expenses.

NOTE 4 DESIGNATED CASH AND MARKETABLE SECURITIES

A reserve of cash and marketable securities was designated during the 1997 fiscal year by the board of directors as an emergency fund for operational expenses. For the years ending June 30, 2010 and 2009, this reserve amounted to approximately \$830,000 and \$906,000 which is included in the cash and marketable securities.

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

NOTE 5 MARKETABLE SECURITIES

Marketable securities consist of the following:

<u>2010</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds	\$ 50,000	\$ 46,668
Bond Funds	366,774	369,891
	<u>\$ 416,774</u>	<u>\$ 416,559</u>

<u>2009</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds	\$ 186,384	\$ 188,923
Bond Funds	136,872	153,353
Index Funds	5,762	3,709
	<u>\$ 329,018</u>	<u>\$ 345,985</u>

The following schedules summarize the investment income and its classification for the years ended June 30, 2010 and 2009. All investment income was unrestricted.

	<u>2010</u>	<u>2009</u>
Dividends	\$ 6,470	\$ 11,645
Net Realized/Unrealized Gain/(Loss) on Marketable Securities	30,411	(58,326)
	<u>\$ 36,881</u>	<u>\$ (46,681)</u>

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

NOTE 6 UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are recognized as revenues and a corresponding asset depending on the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Unconditional promises to give consist of the following at June 30:

	2010	2009
Unconditional Promises to Give	\$ 125,000	\$ -
Less: Discount	(2,931)	-
	\$ 122,069	\$ -

Unconditional promises to give due in one to five years are discounted at 3%.

The following is a schedule by years of future receipts for unconditional promises to give together with their present value as of June 30:

2011		\$ 50,000
2012		50,000
2013		25,000
		\$ 125,000

NOTE 7 ACCOUNTS RECEIVABLE

Accounts receivable consists of grants receivables from the San Diego Superior Court for the salaries of certain program employees and other receivables related to special events. \$29,166 and \$29,427 was due from the San Diego Superior Court as of June 30, 2010 and 2009, respectively. An allowance for doubtful accounts is accounted for using the specific identification method and uncollectible accounts are written-off after all collection attempts have been exhausted. Management believes that all accounts receivable were collectible as of June 30, 2010 and 2009, therefore no allowance has been recorded.

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 8 FAIR VALUE MEASUREMENT

The Organization adopted the methods of fair value measurement to value its financial assets. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels has been established, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Financial assets and liabilities carried at fair value at June 30, 2010 and 2009 are classified below in one of three categories described above. The table below presents the balances of assets measured at fair value on a recurring basis.

Assets	2010 Level 1	2010 Level 2	2010 Level 3	2010 Total
Marketable Securities	\$ 416,559	\$ -	\$ -	\$ 416,559
Assets	2009 Level 1	2009 Level 2	2009 Level 3	2009 Total
Marketable Securities	\$ 345,985	\$ -	\$ -	\$ 345,985

The investments in marketable securities are valued at market prices in active markets and are classified as Level 1.

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 8 FAIR VALUE MEASUREMENT (continued)

Assets and Liabilities Recorded at Fair Value on a Nonrecurring Basis - The Organization may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with GAAP. The adjustments to fair value usually result from write-downs of individual assets. For assets measured at fair value on a nonrecurring basis in 2010 and 2009 that were still held in the balance sheet at each respective year end, the following table provides the fair value hierarchy and the carrying value of the related individual assets or portfolios at year end.

Assets	2010 Level 1	2010 Level 2	2010 Level 3	2010 Total
Unconditional Promises to Give	\$ -	\$ -	\$ 122,069	\$ 122,069

The unconditional promises to give is valued using a discounted cash flow model and is classified as a Level 3.

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended June 30, 2010:

	Unconditional Promises to Give
Balance at July 1, 2009	\$ -
New Pledges Received	150,000
Collections	(25,000)
Impairment of Pledge Receivable	-
Discount on Pledges	(2,931)
Balance at June 30, 2010	<u>\$ 122,069</u>

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Page 17

NOTE 8 FAIR VALUE MEASUREMENT (continued)

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended June 30, 2009:

	Unconditional Promises to Give
Balance at July 1, 2008	\$ -
New Pledges Received	-
Collections	-
Discount on Pledges	-
Balance at June 30, 2009	\$ -

NOTE 9 PROPERTY AND EQUIPMENT

Major categories of property and equipment are summarized as follows:

	Balance July 1, 2009	Additions	Disposals	Balance June 30, 2010
Office Furniture and Equipment	\$ 219,770	\$ 14,811	\$ (13,749)	\$ 220,832
Computers	77,538	-	-	77,538
Phone System	46,223	-	-	46,223
	\$ 343,531	\$ 14,811	\$ (13,749)	344,593
Accumulated Depreciation				(127,165)
				\$ 217,428

	Balance July 1, 2008	Additions	Disposals	Balance June 30, 2009
Computers	\$ 109,029	\$ 24,695	\$ (56,186)	\$ 77,538
Office Furniture and Equipment	54,839	166,416	(1,485)	219,770
Phone System	25,535	46,224	(25,536)	46,223
	\$ 189,403	\$ 237,335	\$ (83,207)	343,531
Accumulated Depreciation				(89,897)
				\$ 253,634

Depreciation expense was \$51,018 and \$40,330 for the years ended June 30, 2010 and 2009, respectively.

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Page 18

NOTE 10 ACCRUED EXPENSES

Accrued expenses consist of the following:

	2010	2009
Accrued Payables	\$ 86,579	\$ 18,519
Accrued Vacation	62,319	61,796
	\$ 148,898	\$ 80,315

NOTE 11 LINE OF CREDIT

The Organization has a line of credit for \$100,000 with California Bank & Trust. The Organization has drawn \$0 against this line in 2010 and 2009. The line of credit is collateralized by substantially all of the assets of the Organization. The interest rate on the line is prime (3.25% at June 30, 2010 and 2009) plus 1%. The line of credit has been extended to September 30, 2011.

NOTE 12 RETIREMENT PLAN

The Organization maintains a tax deferred retirement plan qualified under Section 403(b) of the Internal Revenue Code. Eligible employees may contribute a percentage of their compensation to the plan. The Organization does not make contributions to the plan.

NOTE 13 SPECIAL EVENTS

Special events revenues and expenses are directly related to fundraising and consist of the following:

	2010	2009
Revenue		
Starry Night	\$ 779,818	\$ 750,731
Makua	155,236	177,656
Golf Tournament	127,960	154,081
Other Fundraisers	111,630	107,856
	1,174,644	1,190,324
Expenses		
Starry Night	230,406	220,421
Makua	70,497	60,376
Golf Tournament	43,796	40,870
Other Fundraisers	25,871	32,318
	370,570	353,985
Special Events Income	\$ 804,074	\$ 836,339

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

Page 19

NOTE 14 TEMPORARILY RESTRICTED NET ASSETS

Temporary restricted net assets consists of the following at June 30, 2010 and June 30, 2009:

	2010	2009
Pledges Receivable Restricted for Fundraising	\$ 122,069	\$ -
Cash Restricted for Fundraising	50,967	-
Children's Assistance Fund	47,978	52,906
	\$ 221,014	\$ 52,906

NOTE 15 COMMITMENTS

During 2008, the Organization signed a new lease agreement with a lease term of 8 years with a move in date of November 2008. Rent expense for 2010 and 2009 was \$306,634 and \$268,203, respectively; which includes \$23,328 of donated office space from the Juvenile Court for 2010 and 2009. The Organization expects that the Juvenile Court will make such in-kind donations in the future.

The Organization also leases equipment under an operating lease that extends through September, 2013. Payments under this lease are \$339 per quarter.

Minimum future payments under non-cancelable operating leases, in aggregate, having remaining terms in excess of one year for the years ended June 30 are as follows:

	2011	\$ 295,190
	2012	304,004
	2013	313,089
	2014	321,086
	Thereafter	887,742
		\$ 2,121,111

NOTE 16 SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 28, 2010, the date which the financial statements were available to be issued.