

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION**

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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, 2009 and 2008, 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, 2009 and 2008, 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.

A handwritten signature in cursive script that reads 'Considine & Considine'.

CONSIDINE & CONSIDINE
An Accountancy Corporation

October 23, 2009

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**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008**

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	2009	2008
ASSETS		
CURRENT ASSETS		
Cash (Notes 3 and 4)	\$ 683,330	\$ 753,846
Marketable Securities (Notes 4 and 5)	345,985	383,917
Accounts Receivable (Note 6)	29,427	29,165
Pledges Receivable (Note 7)	-	108,000
Prepaid Expenses	20,456	46,848
	1,079,198	1,321,776
PROPERTY AND EQUIPMENT (Note 8)	253,634	57,396
OTHER ASSETS		
Rent Deposit	29,025	37,346
	1,361,857	1,416,518
TOTAL ASSETS	1,361,857	1,416,518
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued Expenses (Note 9)	80,315	78,958
Deferred Rent	31,260	-
Deferred Revenue	124,438	63,215
	236,013	142,173
TOTAL LIABILITIES	236,013	142,173
NET ASSETS		
Unrestricted	1,072,938	1,121,764
Temporarily Restricted (Note 12)	52,906	152,581
	1,125,844	1,274,345
TOTAL LIABILITIES AND NET ASSETS	\$ 1,361,857	\$ 1,416,518

See Accompanying Notes

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

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	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUES			
Gifts and Contributions	\$ 1,057,788	\$ 39,372	\$ 1,097,160
Special Events (Note 11)			
(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 Marketable Securities	(58,326)	-	(58,326)
	<u>2,322,143</u>	<u>39,488</u>	<u>2,361,631</u>
Net Assets Released From Temporary Restrictions	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>
DECREASE 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 ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

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	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Gifts and Contributions	\$ 982,388	\$ 156,539	\$ 1,138,927
Special Events (Note 11)			
(Includes \$352,846 of Expenses)	777,616	-	777,616
Government Funding	426,300	-	426,300
Interest and Dividends	40,395	175	40,570
Donated Facilities	23,328	-	23,328
Donated Services	9,198	-	9,198
Net Realized/Unrealized Loss on Marketable Securities	(35,465)	-	(35,465)
	<u>2,223,760</u>	<u>156,714</u>	<u>2,380,474</u>
 Net Assets Released From Temporary Restsrictions	 30,585	 (30,585)	 -
	<u>2,254,345</u>	<u>126,129</u>	<u>2,380,474</u>
 EXPENSES			
Program	1,697,616	-	1,697,616
Management and General	139,444	-	139,444
Fundraising	351,194	-	351,194
	<u>2,188,254</u>	<u>-</u>	<u>2,188,254</u>
 INCREASE IN NET ASSETS	 66,091	 126,129	 192,220
 NET ASSETS - BEGINNING OF YEAR	 <u>1,055,673</u>	 <u>26,452</u>	 <u>1,082,125</u>
 NET ASSETS - END OF YEAR	 <u>\$ 1,121,764</u>	 <u>\$ 152,581</u>	 <u>\$ 1,274,345</u>

See Accompanying Notes

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

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	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	16,521	-	7,445	23,966
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	1,927,074	144,061	397,901	2,469,036
Depreciation	34,281	1,613	4,436	40,330
Loss on Disposal of Property	766	-	-	766
TOTAL EXPENSES	\$ 1,962,121	\$ 145,674	\$ 402,337	\$ 2,510,132

See Accompanying Notes

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008**

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	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
EXPENSES				
Children's Assistance	\$ 30,585	\$ -	\$ -	\$ 30,585
Credit Card Fees	4,122	-	-	4,122
Dues & Subscriptions	14,701	764	1,211	16,676
Employee Benefits	63,767	7,175	7,927	78,869
Equipment & Maintenance	9,676	-	-	9,676
Food & Site Rental	15,450	-	7,214	22,664
Insurance	15,113	-	-	15,113
Materials	7,756	-	3,207	10,963
Mileage & Meals	54,870	212	3,778	58,860
Office Supplies	17,237	-	-	17,237
Payroll Taxes	86,750	7,990	19,405	114,145
Postage	8,811	148	6,558	15,517
Printing	20,945	-	12,212	33,157
Professional Services	50,021	5,866	15,502	71,389
Recognition Awards	4,377	-	-	4,377
Rent	116,507	5,483	15,077	137,067
Salaries	1,123,250	110,242	254,709	1,488,201
Staff Development	3,843	-	-	3,843
Telephone	15,407	725	1,994	18,126
Temporary Services	1,277	-	-	1,277
Workers' Compensation	15,410	-	-	15,410
TOTAL EXPENSES BEFORE OTHER EXPENSES	1,679,875	138,605	348,794	2,167,274
Depreciation	17,741	839	2,400	20,980
TOTAL EXPENSES	\$ 1,697,616	\$ 139,444	\$ 351,194	\$ 2,188,254

See Accompanying Notes

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

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	2009	2008
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
(Decrease)/Increase in Net Assets	\$ (148,501)	\$ 192,220
ADJUSTMENTS TO RECONCILE DECREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	40,330	20,980
Loss of Disposal of Property	765	-
Net Realized/Unrealized Loss on Marketable Securities	58,326	35,465
Increase in Accounts Receivable	(262)	(1,165)
Decrease/(Increase) in Pledges Receivable	108,000	(103,000)
Decrease/(Increase) in Prepaid Expenses	26,393	(34,153)
Decrease/(Increase) in Rent Deposit	8,321	(29,025)
Increase in Accrued Expenses	1,357	20,141
Increase in Deferred Revenue	61,223	10,165
Increase in Deferred Rent	31,258	-
	335,711	(80,592)
NET CASH PROVIDED BY OPERATING ACTIVITIES	187,210	111,628
CASH FLOWS USED BY INVESTING ACTIVITIES		
Proceeds on Sale of Marketable Securities	142,868	32,351
Purchase of Marketable Securities	(163,261)	(50,491)
Purchase of Property and Equipment	(237,333)	(44,137)
	(257,726)	(62,277)
NET (DECREASE)/INCREASE IN CASH	(70,516)	49,351
CASH, BEGINNING	753,846	704,495
CASH, ENDING	\$ 683,330	\$ 753,846
SUPPLEMENTAL DISCLOSURES		
Interest Paid	\$ -	\$ -
Taxes Paid	\$ -	\$ -

See Accompanying Notes

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

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NOTE 1 ORGANIZATION

Voices For Children 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.

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.

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 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 - Property and equipment are carried at cost. 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.

VOICES FOR CHILDREN
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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$18,814 and \$9,198 for the years ended June 30 2009 and 2008, respectively. The value of the donated facilities totaled \$23,328 for 2009 and 2008.

An integral component of Voices for Children's 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 Voices for Children tracks their reported hours. For fiscal years ending June 2008 and 2009, the combined, donated hours reported by all Voices for Children volunteers totaled 40,529 and 48,706, 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.

Income Taxes - Voices for Children 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.

Functional Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Certain reclassifications have been made to the 2008 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

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 and \$100,000 as of June 30, 2009 and June 30, 2008, respectively. 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, 2009 and 2008, the Organization had approximately \$252,000 and \$712,000 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:

	2009	2008
Unrestricted Cash	\$ 630,424	\$ 709,265
Temporarily Restricted Cash	52,906	44,581
Total Cash	\$ 683,330	\$ 753,846

The temporarily restricted accounts are restricted for gifts to children only 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, 2009 and 2008, this reserve amounted to approximately \$906,000 and \$708,000 which is included in the cash and marketable securities of \$959,800 and \$1,137,763, respectively.

NOTE 5 MARKETABLE SECURITIES

Marketable securities consist of the following:

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

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 5 MARKETABLE SECURITIES (Continued)

<u>2008</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds	\$ 152,184	\$ 208,332
Bond Funds	124,380	170,486
Index Funds	5,762	5,099
	<u>\$ 282,326</u>	<u>\$ 383,917</u>

The following schedules summarize the investment income and its classification for the years ended June 30, 2009 and 2008. All investment income was unrestricted.

	<u>2008</u>	<u>2008</u>
Dividends	\$ 11,436	\$ 12,838
Net Realized/Unrealized Loss on Marketable Securities	(58,326)	(35,465)
	<u>\$ (46,890)</u>	<u>\$ (22,627)</u>

NOTE 6 ACCOUNTS RECEIVABLE

The Accounts Receivable consists of grants receivables from the San Diego Superior Court for the salaries of certain program employees. \$29,427 and \$29,165 was due from the San Diego Superior Court as of June 30, 2009 and 2008, respectively.

NOTE 7 PLEDGES RECEIVABLE

For the year ended June 30, 2008, the Organization had pledges receivable of \$108,000, of which were all due within one year. For the year ended June 30, 2009, no pledges had been made.

NOTE 8 PROPERTY AND EQUIPMENT

Major categories of property and equipment are summarized as follows:

	<u>Balance</u>		<u>Balance</u>
	<u>July 1, 2008</u>	<u>Additions</u>	<u>June 30, 2009</u>
Computers	\$ 109,029	\$ 24,696	\$ 77,538
Office Furniture and Equipment	54,839	166,417	219,770
Phone System	25,535	46,223	46,222
	<u>\$ 189,403</u>	<u>\$ 237,335</u>	<u>\$ 343,531</u>
Accumulated Depreciation			(89,897)
			<u>\$ 253,634</u>

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8 PROPERTY AND EQUIPMENT (Continued)

	Balance July 1, 2007	Additions	Disposals	Balance June 30, 2008
Computers	\$ 68,422	\$ 44,137	\$ (3,530)	\$ 109,029
Office Furniture and Equipment	54,839	-	-	54,839
Phone System	25,535	-	-	25,535
	\$ 148,796	\$ 44,137	\$ (3,530)	189,403
Accumulated Depreciation				(132,007)
				\$ 57,396

NOTE 9 ACCRUED EXPENSES

Accrued expenses consist of the following:

	2009	2008
Accrued Vacation	\$ 61,796	\$ 56,155
Accrued Payables	18,519	22,803
	\$ 80,315	\$ 78,958

NOTE 10 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 2009 and 2008. 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, 2009) plus 1%. The line of credit expires on September 30, 2010.

VOICES FOR CHILDREN
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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 11 SPECIAL EVENTS

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

	2009	2008
Revenue		
Starry Night	\$ 750,731	\$ 560,160
Makua	177,656	339,786
Golf Tournament	154,081	135,426
Other Fundraisers	107,856	95,090
	1,190,324	1,130,462
Expenses		
Starry Night	220,421	198,461
Makua	60,376	74,587
Golf Tournament	40,870	50,122
Other Fundraisers	32,318	29,676
	353,985	352,846
Special Events Income	\$ 836,339	\$ 777,616

NOTE 12 TEMPORARILY RESTRICTED NET ASSETS

Temporary restricted net assets consists of the following at June 30, 2009 and June 30, 2008:

	2009	2008
Children's Assistance Fund	\$ 52,906	\$ 44,581
Pledges Receivable	-	108,000
	\$ 52,906	\$ 152,581

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 13 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 2009 and 2008 was approximately \$252,000 and \$137,000, respectively; which includes \$23,328 of donated office space from the Juvenile Court for 2009 and 2008. 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:

2010	\$ 260,424
2011	295,190
2012	304,004
2013	313,089
2014	321,086
Thereafter	887,742
	<u>\$ 2,381,535</u>