VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION

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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, 2011 and 2010, 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, 2011 and 2010, 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 31, 2011

Earning Your Trust Since 1946

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VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash (Notes 3 and 4)	$ 687,065	$ 541,251
Marketable Securities (Notes 4 and 5)	941,039	416,559
Unconditional Promises to Give (Note 6)	110,000	122,069
Accounts Receivable (Note 7)	29,543	127,876
Prepaid Expenses	28,466	15,070
	1,796,113	1,222,825
PROPERTY AND EQUIPMENT (Note 9)	175,619	217,428
OTHER ASSETS		
Rent Deposit	29,025	29,025
TOTAL ASSETS	2,000,757	1,469,278
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued Expenses (Note 10)	213,787	148,898
Deferred Rent	104,475	85,251
Deferred Revenue	270,271	30,225
TOTAL LIABILITIES	588,533	264,374
NET ASSETS		
Unrestricted	1,256,968	983,890
Temporarily Restricted (Note 14)	155,256	221,014
	1,412,224	1,204,904
TOTAL LIABILITIES AND NET ASSETS	$ 2,000,757	$ 1,469,278

See Accompanying Notes

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUES			
Gifts and Contributions	$ 1,418,093	$ 107,470	$ 1,525,563
Special Events (Note 13) (Includes $368,724 of Expenses)	887,459	-	887,459
Government Funding	420,184	-	420,184
Contributed Goods, Services, and Facilities	95,894	-	95,894
Net Realized/Unrealized Gain on Marketable Securities	30,376	-	30,376
Interest and Dividends	19,723	201	19,924
	2,871,729	107,671	2,979,400
Net Assets Released From Temporary Restrictions	173,429	(173,429)	-
Total Revenue	3,045,158	(65,758)	2,979,400
EXPENSES			
Program	2,123,895	-	2,123,895
Management and General	100,245	-	100,245
Fundraising	547,940	-	547,940
Total Expenses	2,772,080	-	2,772,080
CHANGE IN NET ASSETS	273,078	(65,758)	207,320
NET ASSETS - BEGINNING OF YEAR	983,890	221,014	1,204,904
NET ASSETS - END OF YEAR	$ 1,256,968	$ 155,256	$ 1,412,224

See Accompanying Notes

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

	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
Contributed Goods, Services, and Facilities	35,579	-	35,579
Net Realized/Unrealized Gain on Marketable Securities	30,411	-	30,411
Interest and Dividends	13,304	115	13,419
	2,203,703	196,982	2,400,685
Net Assets Released From Temporary Restsrictions	28,874	(28,874)	-
Total Revenue	2,232,577	168,108	2,400,685
EXPENSES			
Program	1,815,334	-	1,815,334
Management and General	82,885	-	82,885
Fundraising	423,406	-	423,406
Total Expenses	2,321,625	-	2,321,625
CHANGE IN NET ASSETS	(89,048)	168,108	79,060
NET ASSETS - BEGINNING OF YEAR	1,072,938	52,906	1,125,844
NET ASSETS - END OF YEAR	$ 983,890	$ 221,014	$ 1,204,904

See Accompanying Notes

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
EXPENSES				
Children's Assistance	$ 25,392	$ -	$ -	$ 25,392
Contributed Goods	51,077	-	-	51,077
Credit Card Discount Fees	3,361	-	10	3,371
Dues & Subscriptions	6,520	2,419	2,280	11,219
Employee Benefits	90,162	4,058	19,982	114,202
Equipment & Maintenance	15,886	36	3,370	19,292
Food & Site Rental	13,259	-	6,541	19,800
Insurance	15,089	-	-	15,089
Materials	4,625	109	12,577	17,311
Mileage & Meals	62,011	-	4,151	66,162
Office Supplies	15,377	-	-	15,377
Payroll Taxes	109,219	6,099	33,677	148,995
Postage	5,257	370	5,625	11,252
Printing	18,424	500	13,473	32,397
Professional Services	27,810	13,676	22,817	64,303
Recognition Awards	6,960	-	245	7,205
Rent	331,973	3,340	23,384	358,697
Salaries	1,233,991	67,027	391,688	1,692,706
Staff Development	3,794	-	-	3,794
Telephone	16,838	1,069	421	18,328
Temporary Services	982	300	-	1,282
Workers' Compensation	17,186	713	3,993	21,892
TOTAL EXPENSES BEFORE OTHER EXPENSES	2,075,193	99,716	544,234	2,719,143
Depreciation	48,702	529	3,706	52,937
TOTAL EXPENSES	$ 2,123,895	$ 100,245	$ 547,940	$ 2,772,080

See Accompanying Notes

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

	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
EXPENSES				
Children's Assistance	$ 28,982	$ -	$ -	$ 28,982

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Revenue - 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.

Contributed Goods, Services and Facilities – The Organization has received substantial donations of goods, professional services and use of facilities. The donations are valued at their fair value at the date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization recognizes the value of contributed services received if such services create or enhance nonfinancial assets or requires specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization benefited from donated professional services totaling $19,503 and $12,251 for the years ended June 30, 2011 and 2010 respectively. The Organization also received the use of donated facilities valued at $25,314 and $23,328 for the years ended June 30, 2011 and 2010 respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

An integral component of the Organization's work with foster children is its network of over 800 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 2011 and 2010, the combined, donated hours reported by all the Organization volunteers totaled 53,538 and 50,565, respectively. The value of these hours is substantial, as the Bureau of Labor Statistics values similar services in California at $23.42 per hour as of 2009, 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.

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, 2011 and 2010, the Organization had 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 2007 and 2006.

Reclassifications - Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

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, 2011 and 2010. 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, 2011 and 2010, the Organization had approximately $265,000 and $205,000 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:

	2011	2010
Unrestricted Cash	$ 641,809	$ 442,306
Temporarily Restricted Cash	45,256	98,945
Total Cash	$ 687,065	$ 541,251

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

NOTE 4 MARKETABLE SECURITIES

Marketable securities consist of the following:

2011	Cost	Fair Value
Bond Funds	$ 886,806	$ 890,470
Mutual Funds	51,057	50,569
	$ 937,863	$ 941,039

2010	Cost	Fair Value
Bond Funds	$ 366,774	$ 369,891
Mutual Funds	50,000	46,668
	$ 416,774	$ 416,559

The following schedules summarize the investment income and its classification for the years ended June 30, 2011 and 2010. All investment income was unrestricted.

	2011	2010
Interest and Dividends	$ 16,792	$ 13,304
Net Realized/Unrealized Gain on Marketable Securities	30,376	30,411
	$ 47,168	$ 43,715

NOTE 5 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, 2011 and 2010, this reserve amounted to approximately $885,000 and $830,000, respectively, which is included in the cash and marketable securities.

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:

	2011	2010
Unconditional Promises to Give	$ 110,000	$ 125,000
Less: Discount	-	(2,931)
	$ 110,000	$ 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:

2012	$ 110,000

NOTE 7 ACCOUNTS RECEIVABLE

Accounts receivable consists of grant receivables from the San Diego Superior Court for the salaries of certain program employees and other receivables related to special events. $28,543 and $29,166 was due from the San Diego Superior Court as of June 30, 2011 and 2010, 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, 2011 and 2010, therefore no allowance has been recorded.

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, 2011 and 2010 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	2011 Level 1	2011 Level 2	2011 Level 3	2011 Total
Marketable Securities	$ 941,039	$ -	$ -	$ 941,039

Assets	2010 Level 1	2010 Level 2	2010 Level 3	2010 Total
Marketable Securities	$ 416,559	$ -	$ -	$ 416,559

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

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 2011 and 2010 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	2011 Level 1	2011 Level 2	2011 Level 3	2011 Total
Unconditional Promises to Give	$ -	$ -	$ 110,000	$ 110,000

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 are valued using a discounted cash flow model and are 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, 2011:

	Unconditional Promises to Give
Balance at July 1, 2010	$ 122,069
New Pledges Received	90,000
Collections	(102,069)
Balance at June 30, 2011	$ 110,000

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, 2010:

	Unconditional Promises to Give
Balance at July 1, 2009	$ -
New Pledges Received	150,000
Collections	(25,000)
Change in Discount on Pledges	(2,931)
Balance at June 30, 2010	$ 122,069

NOTE 9 PROPERTY AND EQUIPMENT

Major categories of property and equipment are summarized as follows:

	Balance July 1, 2010	Additions	Disposals	Balance June 30, 2011
Computers	$ 220,832	$ 7,961	$ -	$ 228,793
Office Furniture and Equipment	77,538	3,167	-	80,705
Phone System	46,223	-	-	46,223
	$ 344,593	$ 11,128	$ -	355,721
Accumulated Depreciation				(180,102)
				$ 175,619

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

Depreciation expense was $52,937 and $51,018 for the years ended June 30, 2011 and 2010, respectively.

NOTE 10 ACCRUED EXPENSES

Accrued expenses consist of the following:

	2011	2010
Accrued Payables	$ 118,261	$ 86,579
Accrued Vacation	95,526	62,319
	$ 213,787	$ 148,898

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 as of June 30, 2011 and 2010. 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, 2011 and 2010) plus 1%. The line of credit matures on September 30, 2012.

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.

While the Organization expects to continue the plan indefinitely, it has reserved the right to modify, amend, or terminate the plan. In the event of termination, the entire amount contributed under the plan must be applied to the payment of benefits to the participants or their beneficiaries.

NOTE 13 SPECIAL EVENTS

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

	2011	2010
Revenue		
Starry Night	$ 840,984	$ 779,818
Makua	153,787	155,236
Golf Tournament	130,940	127,960
Wine Party	51,625	-
Other Fundraisers	78,847	111,630
	1,256,183	1,174,644
Expenses		
Starry Night	222,325	230,406
Makua	66,532	70,497
Golf Tournament	44,366	43,796
Wine Party	10,034	-
Other Fundraisers	25,467	25,871
	368,724	370,570
Special Events Income	$ 887,459	$ 804,074

NOTE 14 TEMPORARILY RESTRICTED NET ASSETS

Temporary restricted net assets consists of the following at June 30, 2011 and June 30, 2010:

	2011	2010
Pledges Receivable Restricted for Fundraising	$ 50,000	$ 122,069
Other Pledges Receivable	60,000	-
Children's Assistance Fund	45,256	47,978
Cash Restricted for Fundraising	-	50,967
	$ 155,256	$ 221,014

NOTE 15 COMMITMENTS

The Organization has entered into an operating lease for office space that expires in November 2016. Rent expense for 2011 and 2010 was $339,473 and $306,634, respectively; which includes $23,328 and $23,328 of donated office space from the Juvenile Court for the years ended June 30, 2011 and 2010, respectively. 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 June 2013. Payments under this lease are approximately $339 per quarter.

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 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. 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, 2011 or 2010.

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 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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NOTE 3 CASH

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Cash consists of the following:

	2011	2010
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Temporarily Restricted Cash	45,256	98,945
Total Cash	$ 687,065	$ 541,251

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

NOTE 4 MARKETABLE SECURITIES

Marketable securities consist of the following:

2011	Cost	Fair Value
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Mutual Funds	51,057	50,569
	$ 937,863	$ 941,039

2010	Cost	Fair Value
Bond Funds	$ 366,774	$ 369,891
Mutual Funds	50,000	46,668
	$ 416,774	$ 416,559

The following schedules summarize the investment income and its classification for the years ended June 30, 2011 and 2010. All investment income was unrestricted.

	2011	2010
Interest and Dividends	$ 16,792	$ 13,304
Net Realized/Unrealized Gain on Marketable Securities	30,376	30,411
	$ 47,168	$ 43,715

NOTE 5 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, 2011 and 2010, this reserve amounted to approximately $885,000 and $830,000, respectively, which is included in the cash and marketable securities.

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:

	2011	2010
Unconditional Promises to Give	$ 110,000	$ 125,000
Less: Discount	-	(2,931)
	$ 110,000	$ 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:

2012	$ 110,000

NOTE 7 ACCOUNTS RECEIVABLE

Accounts receivable consists of grant receivables from the San Diego Superior Court for the salaries of certain program employees and other receivables related to special events. $28,543 and $29,166 was due from the San Diego Superior Court as of June 30, 2011 and 2010, 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, 2011 and 2010, therefore no allowance has been recorded.

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, 2011 and 2010 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	2011 Level 1	2011 Level 2	2011 Level 3	2011 Total
Marketable Securities	$ 941,039	$ -	$ -	$ 941,039

Assets	2010 Level 1	2010 Level 2	2010 Level 3	2010 Total
Marketable Securities	$ 416,559	$ -	$ -	$ 416,559

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

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 2011 and 2010 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	2011 Level 1	2011 Level 2	2011 Level 3	2011 Total
Unconditional Promises to Give	$ -	$ -	$ 110,000	$ 110,000

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 are valued using a discounted cash flow model and are 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, 2011:

	Unconditional Promises to Give
Balance at July 1, 2010	$ 122,069
New Pledges Received	90,000
Collections	(102,069)
Balance at June 30, 2011	$ 110,000

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, 2010:

	Unconditional Promises to Give
Balance at July 1, 2009	$ -
New Pledges Received	150,000
Collections	(25,000)
Change in Discount on Pledges	(2,931)
Balance at June 30, 2010	$ 122,069

NOTE 9 PROPERTY AND EQUIPMENT

Major categories of property and equipment are summarized as follows:

	Balance July 1, 2010	Additions	Disposals	Balance June 30, 2011
Computers	$ 220,832	$ 7,961	$ -	$ 228,793
Office Furniture and Equipment	77,538	3,167	-	80,705
Phone System	46,223	-	-	46,223
	$ 344,593	$ 11,128	$ -	355,721
Accumulated Depreciation				(180,102)
				$ 175,619

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

Depreciation expense was $52,937 and $51,018 for the years ended June 30, 2011 and 2010, respectively.

NOTE 10 ACCRUED EXPENSES

Accrued expenses consist of the following:

	2011	2010
Accrued Payables	$ 118,261	$ 86,579
Accrued Vacation	95,526	62,319
	$ 213,787	$ 148,898

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 as of June 30, 2011 and 2010. 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, 2011 and 2010) plus 1%. The line of credit matures on September 30, 2012.

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.

While the Organization expects to continue the plan indefinitely, it has reserved the right to modify, amend, or terminate the plan. In the event of termination, the entire amount contributed under the plan must be applied to the payment of benefits to the participants or their beneficiaries.

NOTE 13 SPECIAL EVENTS

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

	2011	2010
Revenue		
Starry Night	$ 840,984	$ 779,818
Makua	153,787	155,236
Golf Tournament	130,940	127,960
Wine Party	51,625	-
Other Fundraisers	78,847	111,630
	1,256,183	1,174,644
Expenses		
Starry Night	222,325	230,406
Makua	66,532	70,497
Golf Tournament	44,366	43,796
Wine Party	10,034	-
Other Fundraisers	25,467	25,871
	368,724	370,570
Special Events Income	$ 887,459	$ 804,074

NOTE 14 TEMPORARILY RESTRICTED NET ASSETS

Temporary restricted net assets consists of the following at June 30, 2011 and June 30, 2010:

	2011	2010
Pledges Receivable Restricted for Fundraising	$ 50,000	$ 122,069
Other Pledges Receivable	60,000	-
Children's Assistance Fund	45,256	47,978
Cash Restricted for Fundraising	-	50,967
	$ 155,256	$ 221,014

NOTE 15 COMMITMENTS

The Organization has entered into an operating lease for office space that expires in November 2016. Rent expense for 2011 and 2010 was $339,473 and $306,634, respectively; which includes $23,328 and $23,328 of donated office space from the Juvenile Court for the years ended June 30, 2011 and 2010, respectively. 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 June 2013. Payments under this lease are approximately $339 per quarter.

NOTE 15 COMMITMENTS (Continued)

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:

2012	$ 304,004
2013	313,089
2014	321,086
2015	360,219
Thereafter	527,523
	$ 1,825,921

NOTE 16 SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 31, 2011, the date which the financial statements were available to be issued. There were no material subsequent events which affected the amounts or disclosures in the financial statements.