



**VOICES FOR CHILDREN  
A NONPROFIT ORGANIZATION  
FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

**VOICES FOR CHILDREN  
A NONPROFIT ORGANIZATION**

	<b><u>Pages</u></b>
I. Index	1
II. Independent Auditor's Report	2 - 3
III. Statements of Financial Position	4
IV. Statements of Activities and Changes in Net Assets	5 - 6
V. Statements of Functional Expenses	7 - 8
VI. Statements of Cash Flows	9
VII. Notes to the Financial Statements	10 - 19

## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors  
Voices For Children  
A Nonprofit Organization

We have audited the accompanying financial statements of Voices for Children, A Nonprofit Organization, which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and changes in net assets, functional expenses, 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. 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 financial position of Voices for Children, A Nonprofit Organization, as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance 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

November 2, 2016

**VOICES FOR CHILDREN  
A NONPROFIT ORGANIZATION  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2016 AND 2015**

**Page 4**

	2016	2015
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash (Notes 3 and 5)	\$ 1,527,920	\$ 392,161
Marketable Securities (Notes 4)	79,819	951,853
Contributions Receivable (Note 5)	358,834	343,235
Grants Receivable (Note 6)	83,715	36,898
Prepaid Expenses	100,075	36,346
	2,150,363	1,760,493
<b>PROPERTY AND EQUIPMENT (Note 8)</b>	113,929	135,992
<b>OTHER ASSETS</b>		
Rent Deposit	29,025	29,025
<b>TOTAL ASSETS</b>	2,293,317	1,925,510
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accrued Expenses (Note 9)	382,350	326,076
Deferred Rent	28,183	61,023
Deferred Revenue	257,661	196,100
<b>TOTAL LIABILITIES</b>	668,194	583,199
<b>NET ASSETS</b>		
Unrestricted	1,432,383	1,179,789
Temporarily Restricted (Note 13)	192,740	162,522
	1,625,123	1,342,311
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 2,293,317	\$ 1,925,510

See Accompanying Notes

**VOICES FOR CHILDREN  
A NONPROFIT ORGANIZATION  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Page 5**

	UNRESTRICTED	TEMPORARILY UNRESTRICTED	TOTAL
<b>REVENUES</b>			
Gifts and Contributions	\$ 3,389,739	\$ 192,151	\$ 3,581,890
Special Events, Net (Note 12)			
(Less: Direct Benefit to Donors of \$156,194)	1,877,737	-	1,877,737
Government Funding	404,196	-	404,196
Contributed Goods, Services, and Facilities	152,414	-	152,414
Net Realized/Unrealized Gain on Marketable Securities	(9,646)	-	(9,646)
Interest and Dividends	9,432	-	9,432
	5,823,872	192,151	6,016,023
Net Assets Released From Temporarily Restricted	161,933	(161,933)	-
Total Revenues	5,985,805	30,218	6,016,023
<b>EXPENSES</b>			
Program	4,600,747	-	4,600,747
Management and General	206,110	-	206,110
Fundraising	926,354	-	926,354
Total Expenses	5,733,211	-	5,733,211
<b>CHANGE IN NET ASSETS</b>	252,594	30,218	282,812
<b>NET ASSETS - BEGINNING OF YEAR</b>	1,179,789	162,522	1,342,311
<b>NET ASSETS - END OF YEAR</b>	\$ 1,432,383	\$ 192,740	\$ 1,625,123

See Accompanying Notes

**VOICES FOR CHILDREN  
A NONPROFIT ORGANIZATION  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Page 6**

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
<b>REVENUES</b>			
Gifts and Contributions	\$ 2,615,954	\$ 232,956	\$ 2,848,910
Special Events, Net (Note 12)			
(Less: Direct Benefits to Donors of \$148,895)	1,802,104	-	1,802,104
Government Funding	222,673	-	222,673
Contributed Goods, Services, and Facilities	138,701	-	138,701
Net Realized/Unrealized Gain			
on Marketable Securities	(9,791)	-	(9,791)
Interest and Dividends	20,781	-	20,781
	4,790,422	232,956	5,023,378
Net Assets Released From Temporarily Restricted	324,496	(324,496)	-
Total Revenues	5,114,918	(91,540)	5,023,378
<b>EXPENSES</b>			
Program	4,360,516	-	4,360,516
Management and General	225,741	-	225,741
Fundraising	974,882	-	974,882
Total Expenses	5,561,139	-	5,561,139
<b>CHANGE IN NET ASSETS</b>	(446,221)	(91,540)	(537,761)
<b>NET ASSETS - BEGINNING OF YEAR</b>	1,626,010	254,062	1,880,072
<b>NET ASSETS - END OF YEAR</b>	\$ 1,179,789	\$ 162,522	\$ 1,342,311

See Accompanying Notes

**VOICES FOR CHILDREN**  
**A NONPROFIT ORGANIZATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Page 7

	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
<b>EXPENSES</b>				
Operating				
Children's Assistance	\$ 63,868	\$ -	\$ -	\$ 63,868
Credit Card Discount Fees	32	-	5,244	5,276
Dues & Subscriptions	27,636	9,802	8,215	45,653
Employee Benefits	243,996	1,386	26,664	272,046
Equipment & Maintenance	35,835	78	310	36,223
Food & Site Rental	25	-	-	25
Insurance	33,650	-	-	33,650
Marketing	221,725	-	-	221,725
Materials	10,209	563	3,711	14,483
Mileage & Meals	194,207	6,943	9,799	210,949
Office Supplies	32,763	1,897	933	35,593
Payroll Taxes	223,565	10,877	34,989	269,431
Printing	14,538	118	1,770	16,426
Postage	5,631	256	10,305	16,192
Professional Services	13,967	14,350	1,154	29,471
Rent	312,621	6,263	21,920	340,804
Salaries	2,956,656	150,288	491,721	3,598,665
Staff Development	1,282	379	1,174	2,835
Telephone	22,955	267	1,744	24,966
Workers' Compensation	33,655	1,710	5,597	40,962
Special Events				
Catering	-	-	99,072	99,072
Other Event Costs	-	-	81,175	81,175
Outside Services	-	-	159,792	159,792
Printing	-	-	10,563	10,563
Site and Equipment Rental	-	-	103,430	103,430
In-Kind Donations				
Event Tickets	94,113	-	-	94,113
Professional Services	4,749	-	-	4,749
Supplies	10,607	-	-	10,607
<b>TOTAL EXPENSES</b>				
<b>BEFORE DEPRECIATION</b>	4,558,285	205,177	1,079,282	5,842,744
Depreciation	42,462	933	3,266	46,661
<b>TOTAL EXPENSES</b>	4,600,747	206,110	1,082,548	5,889,405
Less: Direct Benefits to Donors at Special Events Included in Revenue	-	-	(156,194)	(156,194)
<b>TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES</b>	<u>\$ 4,600,747</u>	<u>\$ 206,110</u>	<u>\$ 926,354</u>	<u>\$ 5,733,211</u>

See Accompanying Notes



**VOICES FOR CHILDREN**  
**A NONPROFIT ORGANIZATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
<b>EXPENSES</b>				
Operating:				
Children's Assistance	\$ 86,640	\$ -	\$ -	\$ 86,640
Credit Card Discount Fees	134	-	5,355	5,489
Dues & Subscriptions	34,724	12,113	9,704	56,541
Employee Benefits	214,913	114	43,639	258,666
Equipment & Maintenance	37,622	84	1,200	38,906
Food & Site Rental	5,449	-	-	5,449
Insurance	26,587	-	-	26,587
Marketing	176,157	-	-	176,157
Materials	12,287	391	704	13,382
Mileage & Meals	179,803	9,073	13,394	202,270
Office Supplies	47,588	732	11,371	59,691
Payroll Taxes	204,160	12,600	37,289	254,049
Professional Services	21,537	11,840	5,207	38,584
Rent	353,950	7,234	25,318	386,502
Salaries	2,736,219	167,926	477,151	3,381,296
Staff Development	2,583	114	4,356	7,053
Telephone	18,271	281	1,282	19,834
Workers' Compensation	32,066	1,968	5,592	39,626
Special Events:				
Catering	-	-	126,433	126,433
Other Event Costs	-	-	58,202	58,202
Outside Services	-	-	203,627	203,627
Printing	-	-	18,934	18,934
Site & Equipment Rental	-	-	70,569	70,569
In-Kind Donations:				
Event Tickets	50,176	-	-	50,176
Marketing	25,000	-	-	25,000
Professional Services	27,500	-	-	27,500
Supplies	9,300	-	-	9,300
<b>TOTAL EXPENSES</b>				
<b>BEFORE DEPRECIATION</b>	4,302,666	224,470	1,119,327	5,646,463
Depreciation	57,850	1,271	4,450	63,571
<b>TOTAL EXPENSES</b>	4,360,516	225,741	1,123,777	5,710,034
Less: Direct Benefits to Donors at Special Events Included in Revenue	-	-	(148,895)	(148,895)
<b>TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES</b>	<u>\$ 4,360,516</u>	<u>\$ 225,741</u>	<u>\$ 974,882</u>	<u>\$ 5,561,139</u>

See Accompanying Notes

**VOICES FOR CHILDREN  
A NONPROFIT ORGANIZATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**Page 9**

	2016	2015
<b>CASH FLOWS PROVIDED/(USED) BY OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 282,812	\$ (537,761)
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES</b>		
Depreciation	46,661	63,571
Net Realized/Unrealized Loss/(Gain) on Marketable Securities	9,646	9,791
Donations of Marketable Securities Included in Gifts and Contributions	(233,158)	(64,447)
Change in Operating Assets and Liabilities:		
Contributions Receivable	(15,599)	90,982
Grants Receivable	(46,817)	(23,963)
Prepaid Expenses	(63,729)	(3,197)
Accrued Expenses	56,274	(49,386)
Deferred Rent	(32,840)	(47,161)
Deferred Revenue	61,561	110,999
	(218,001)	87,189
<b>NET PROVIDED/(USED) BY OPERATING ACTIVITIES</b>	64,811	(450,572)
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(24,599)	(43,240)
Proceeds on Sale of Marketable Securities	1,098,747	99,074
Purchase of Marketable Securities	(3,200)	(40,485)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	1,070,948	15,349
<b>NET INCREASE/(DECREASE) IN CASH</b>	1,135,759	(435,223)
<b>CASH, BEGINNING</b>	392,161	827,384
<b>CASH, ENDING</b>	\$ 1,527,920	\$ 392,161
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest Paid	\$ -	\$ -
Taxes Paid	\$ -	\$ -

See Accompanying Notes

**VOICES FOR CHILDREN**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**Page 10**

**NOTE 1 ORGANIZATION**

Voices for Children (the "Organization") was founded in 1980 and incorporated as a private, nonprofit organization on August 12, 1982, under Section 501(c)(3) of the Internal Revenue Code and under the laws of the State of California. The Organization operates the only Court Appointed Special Advocate (CASA) Programs in San Diego County and in Riverside County, providing critical advocacy to abused, neglected children who have been placed in the foster care system. Voices for Children recruits, trains, and supervises a large corps of volunteer CASAs, and through them transforms the lives of foster children by advocating on their behalf in the court, community, and schools. CASA volunteers undergo extensive training before being assigned to the cases of foster children. CASAs act as fact-finders for the judges, providing critical information needed to make life-altering decisions for these children. CASA volunteers get to know their court-appointed child by talking with everyone in that child's life: parents and relatives, foster parents, teachers, medical professionals, attorneys, and social workers. They use the information they gather to inform judges and others about what the child needs and they help find the best permanent home for them.

**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.

**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.

**VOICES FOR CHILDREN**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**Page 11**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fair Value Measurement - The Organization follows 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.

Property and Equipment - The Organization capitalizes property and equipment in excess of \$500 and has a useful life of five to seven years. 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.

Contributions Receivable - Contributions receivable consist of unconditional promises to give and are recorded in the year the promise is made. Conditional promises are not recognized until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated cash flows. The Organization provides for probable losses on contributions receivable using the allowance method. The allowance is determined based on management's experience and collection efforts.

The discounts on contributions receivable are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. The interest rate used in computing the discount of estimated future cash flows was 3% for pledges received in 2016 and 2015.

**VOICES FOR CHILDREN**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributed Goods, Services and Facilities – The Organization has received substantial donations of goods, professional services, and use of facilities. These in-kind 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 require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

The In-kind Contributions consist of the following for the year ended June 30:

	2016	2015
Event Tickets	\$ 94,113	\$ 50,716
Professional Services	7,249	27,000
Donated Facilities	27,660	24,825
Other Miscellaneous Contributions	23,392	36,160
	\$ 152,414	\$ 138,701

An integral component of the Organization's work with foster children is its network of 1,599 volunteers. Many volunteers dedicate 10-15 hours or more each month to their activities with foster children and the Organization tracks their reported hours. For fiscal years ending June 2016 and 2015, the combined donated hours reported by all the Organization's volunteers totaled approximately 78,854 and 70,217, respectively. The value of these hours is substantial, as the Independent Sector values similar services in California at \$27.59 per hour as of 2015, the most recent data available (the Independent Sector's volunteer value is based on the hourly earnings provided by the Bureau of Labor Statistics, indexed to determine state's values, and increased by 12 percent estimated for fringe benefits). The Organization's 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.

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.

Advertising Costs - The Organization expenses advertising costs as incurred. Advertising expense for the year ended June 30, 2016 and 2015 was \$221,725 and \$176,157 respectively.

**VOICES FOR CHILDREN  
A NONPROFIT ORGANIZATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 follows accounting standards which provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax position and believes that all of the positions taken in its exempt organization tax returns are more likely than not to be sustained upon examination. As of June 30, 2016 and 2015, 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.

Reclassifications - Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year's format. Total net assets and change in net assets are unchanged due to these reclassifications.

**NOTE 3 CASH**

The Organization maintains its cash in two national commercial banks. Accounts at these institutions are partially insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2016 and 2015, the Organization had approximately \$1,033,000 and \$95,000, 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:

	2016	2015
Unrestricted Cash	\$ 1,495,180	\$ 379,639
Temporarily Restricted Cash	32,740	12,522
Total Cash	\$ 1,527,920	\$ 392,161

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

**VOICES FOR CHILDREN**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 4 MARKETABLE SECURITIES**

Marketable securities consist of the following:

<u>2016</u>	<u>Cost</u>	<u>Fair Value</u>
Bond Funds	\$ 14,838	\$ 14,284
Equity Funds	63,526	65,535
	<u>\$ 78,364</u>	<u>\$ 79,819</u>

  

<u>2015</u>	<u>Cost</u>	<u>Fair Value</u>
Bond Funds	\$ 882,893	\$ 883,610
Equity Funds	60,021	68,243
	<u>\$ 942,914</u>	<u>\$ 951,853</u>

Investment Income from Marketable Securities consists of the following:

	<u>2016</u>	<u>2015</u>
Interest and Dividends	\$ 9,432	\$ 20,781
Net Realized and Unrealized (Loss)/Gain	(9,646)	(9,791)
	<u>\$ (214)</u>	<u>\$ 10,990</u>

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

Contributions receivable consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Unconditional Promises to Give (Due in less than one year)	\$ 198,834	\$ 193,235
Temporarily Restricted Pledge (Due in less than one year)	160,000	150,000
	<u>\$ 358,834</u>	<u>\$ 343,235</u>

**VOICES FOR CHILDREN**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**Page 15**

**NOTE 6 GRANTS RECEIVABLE**

Grants receivable consists of amounts due from various state agencies for the salaries of certain program employees. As of June 30, 2016 and 2015, amounts due from various state agencies were \$83,715 and \$36,898, 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 grants receivable were collectible as of June 30, 2016 and 2015, therefore no allowance has been recorded.

**NOTE 7 FAIR VALUE MEASUREMENT**

The Organization follows 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.



**VOICES FOR CHILDREN**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 7 FAIR VALUE MEASUREMENT (Continued)**

Financial assets and liabilities carried at fair value at June 30, 2016 and 2015 are classified below in one of three categories described above. The tables below present the balances of assets measured at fair value on a recurring basis.

	2016 (level 1)	2016 (level 2)	2016 (level 3)	2016 Total
<b>Mutual Funds:</b>				
U.S Large Cap Funds	\$ 43,498	\$ -	\$ -	\$ 43,498.00
Bond Funds	14,284	-	-	14,284
International Funds	9,869	-	-	9,869
U.S. Small-Mid Cap Funds	6,004	-	-	6,004
Real Estate Securities Funds	4,340	-	-	4,340
Multi-strategy Funds	1,824	-	-	1,824
	<u>\$ 79,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,819</u>

	2015 (level 1)	2015 (level 2)	2015 (level 3)	2015 Total
<b>Mutual and Index Funds:</b>				
Bond Funds	\$ 883,610	\$ -	\$ -	\$ 883,610
U.S Large Cap Funds	39,587	-	-	39,587
International Funds	12,163	-	-	12,163
U.S. Small-Mid Cap Funds	6,826	-	-	6,826
Multi-strategy Funds	5,653	-	-	5,653
Real Estate Securities Funds	4,014	-	-	4,014
	<u>\$ 951,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 951,853</u>

**NOTE 8 PROPERTY AND EQUIPMENT**

Major categories of property and equipment are summarized as follows:

	Balance July 1, 2015	Additions	Disposals	Balance June 30, 2016
Office Furniture and Equipment	\$ 275,173	\$ 23,004	\$ -	\$ 298,177
Computers	227,271	1,595	-	228,866
Phone System	46,748	-	-	46,748
	<u>\$ 549,192</u>	<u>\$ 24,599</u>	<u>\$ -</u>	<u>573,791</u>
Accumulated Depreciation				(459,862)
				<u>\$ 113,929</u>

**VOICES FOR CHILDREN**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 8 PROPERTY AND EQUIPMENT (Continued)**

	Balance July 1, 2014	Additions	Disposals	Balance June 30, 2015
Office Furniture and Equipment	\$ 268,184	\$ 6,989	\$ -	\$ 275,173
Computers	191,021	36,250	-	227,271
Phone System	46,748	-	-	46,748
	\$ 505,953	\$ 43,239	\$ -	549,192
Accumulated Depreciation				(413,200)
				\$ 135,992

Depreciation expense was \$63,571 and \$59,338 for the years ended June 30, 2016 and 2015, respectively.

**NOTE 9 ACCRUED EXPENSES**

Accrued expenses consist of the following:

	2016	2015
Accrued Vacation	\$ 169,052	\$ 148,700
Accrued Wages	138,239	98,453
Accrued Payables	75,059	78,923
	\$ 382,350	\$ 326,076

**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 as of June 30, 2016 and 2015. The line of credit is collateralized by substantially all of the assets of the Organization. The interest rate on the line is prime (3.50% and 3.25% at June 30, 2016 and 2015, respectively) plus 1%. The line of credit matures on November 13, 2016.

**NOTE 11 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.

**VOICES FOR CHILDREN**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 12 SPECIAL EVENTS**

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

	2016	2015
Revenue		
Starry Starry Night	\$ 1,333,011	\$ 1,360,237
Wine, Women, and Shoes	305,370	234,581
Golf Tournament	270,468	223,817
Makua	-	13,872
Other Fundraisers	125,082	118,492
	2,033,931	1,950,999
Expenses		
Starry Starry Night	253,963	268,146
Wine, Women, and Shoes	69,912	85,810
Golf Tournament	66,754	66,500
Makua	-	4,175
Other Fundraisers	63,403	53,134
	454,032	477,765
Net Special Events Revenue	\$ 1,579,899	\$ 1,473,234

**NOTE 13 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consists of the following at June 30, 2016 and June 30, 2015:

	2016	2015
Pledge Receivable	\$ 160,000	\$ 150,000
Children's Assistance Fund	32,740	12,522
	\$ 192,740	\$ 162,522

**NOTE 14 COMMITMENTS**

The Organization is currently leasing office space under an operating lease that expires in March, 2024. Rent expense for 2016 and 2015 was \$340,805 and \$386,502, respectively; which includes \$27,660 and \$24,825 of donated office space from the Juvenile Court for the years ended June 30, 2016 and 2015, respectively. The Organization expects that the Juvenile Court will make such in-kind donations in the future.

**VOICES FOR CHILDREN**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**Page 19**

**NOTE 14 COMMITMENTS (Continued)**

The organization entered into a new eighty-eight month building lease agreement on July 1, 2015. The lease is effective July 1, 2015 and expires on March 31, 2024. Base rent is initially set at approximately \$26,300. Total base rent payable over the lease period is \$3,006,630.

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:

2017	\$ 315,432
2018	\$ 331,200
2019	\$ 331,200
2020	\$ 347,760
Thereafter	\$ 1,365,606
	<u>\$ 2,691,198</u>

**NOTE 15 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 2, 2016, the date which the financial statements were available to be issued. Except for the event disclosed in the above paragraph, there were no subsequent events which affected the amounts or disclosures in the financial statements.