



Audit Partner in Charge – Philip Smith
Audit Firm’s Identification Number – 95-2694444

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION**

	<u>Pages</u>
I. Index	1
II. Independent Auditor's Report	2 - 4
III. Statements of Financial Position	5
IV. Statements of Activities and Changes in Net Assets	6 - 7
V. Statements of Functional Expenses	8 - 9
VI. Statements of Cash Flows	10
VII. Notes to the Financial Statements	11 - 25
VIII. Schedule of expenditures of federal awards	26 - 28
IX. Notes to the schedule of expenditures of federal awards	29
X. Schedule of findings and questioned costs	30
XI. Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	31 - 32
XII. Independent auditor's report on compliance for the major program and on internal control over compliance required by the Uniform Guidance	33 - 35

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Voices For Children
A Nonprofit Organization

Report on the Audit of the Financial Statements

Opinion

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, 2022 and 2021, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Voices for Children as of June 30, 2022 and 2021, 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.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Voices for Children and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Voices for Children's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Voices for Children's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Voices for Children's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022 on our consideration of Voices for Children's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Voices for Children's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Voices for Children's internal control over financial reporting and compliance.

CONSIDINE & CONSIDINE
An Accountancy Corporation

November 8, 2022

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

Page 5

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash (note 3)	\$ 7,499,944	\$ 5,658,129
Investments (note 4)	296,234	348,231
Pledges receivable (note 5)	1,163,264	455,177
Grants receivable (note 6)	382,759	322,770
Other receivable (note 14)	382,769	1,173,223
Prepaid expenses	153,225	121,380
	<u>9,878,195</u>	<u>8,078,910</u>
PROPERTY AND EQUIPMENT (note 8)	225,989	151,794
OTHER ASSETS		
Pledges receivable - long term	1,942,563	-
Rent deposit	29,025	30,225
	<u>1,971,588</u>	<u>30,225</u>
TOTAL ASSETS	<u><u>12,075,772</u></u>	<u><u>8,260,929</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued expenses (note 9)	506,122	620,869
Deferred rent	51,372	72,905
Deferred revenue	372,922	569,054
PPP loan payable (note 13)	-	874,052
TOTAL LIABILITIES	<u>930,416</u>	<u>2,136,880</u>
NET ASSETS (note 17)		
Without donor restrictions	8,138,288	5,642,525
With donor restrictions	3,007,068	481,524
TOTAL NET ASSETS	<u>11,145,356</u>	<u>6,124,049</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 12,075,772</u></u>	<u><u>\$ 8,260,929</u></u>

See accompanying notes

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

Page 6

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE			
Gifts and contributions	\$ 3,772,791	\$ 2,682,102	\$ 6,454,893
Special events, net (note 12)			
(Less: direct benefit to donors of \$189,691)	2,519,664	-	2,519,664
Government funding	2,063,562	-	2,063,562
Contributed goods, services, and facilities	57,837	-	57,837
Investment return (note 4)	(17,220)	(29,421)	(46,641)
Other income	15,796	-	15,796
	<u>8,412,430</u>	<u>2,652,681</u>	<u>11,065,111</u>
NET ASSETS RELEASED FROM RESTRICTION			
Satisfaction of program restrictions	<u>127,137</u>	<u>(127,137)</u>	<u>-</u>
TOTAL REVENUE	8,539,567	2,525,544	11,065,111
OPERATING EXPENSES			
Program services	5,213,098	-	5,213,098
Management and general	533,050	-	533,050
Fundraising	1,171,708	-	1,171,708
	<u>6,917,856</u>	<u>-</u>	<u>6,917,856</u>
CHANGE IN NET ASSETS BEFORE OTHER INCOME	1,621,711	2,525,544	4,147,255
OTHER INCOME			
PPP loan forgiveness (note 13)	<u>874,052</u>	<u>-</u>	<u>874,052</u>
CHANGE IN NET ASSETS	2,495,763	2,525,544	5,021,307
NET ASSETS, BEGINNING	<u>5,642,525</u>	<u>481,524</u>	<u>6,124,049</u>
NET ASSETS, ENDING	<u>\$ 8,138,288</u>	<u>\$ 3,007,068</u>	<u>\$ 11,145,356</u>

See accompanying notes

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

Page 7

	WITHOUT DONOR <u>RESTRICTIONS</u>	WITH DONOR <u>RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE			
Gifts and contributions	\$ 3,924,616	\$ 339,310	\$ 4,263,926
Special events, net (note 11)			
(Less: direct benefit to donors of \$57,943)	1,422,222	-	1,422,222
Government funding	1,678,204	-	1,678,204
Contributed goods, services, and facilities	86,325	-	86,325
Investment Return (note 4)	40,000	53,139	93,139
Other income - (note 13)	<u>1,173,223</u>	<u>-</u>	<u>1,173,223</u>
	8,324,590	392,449	8,717,039
NET ASSETS RELEASED FROM RESTRICTION			
Satisfaction of program restrictions	<u>150,053</u>	<u>(150,053)</u>	<u>-</u>
TOTAL REVENUE	8,474,643	242,396	8,717,039
OPERATING EXPENSES			
Program services	4,813,154	-	4,813,154
Management and general	479,382	-	479,382
Fundraising	<u>930,605</u>	<u>-</u>	<u>930,605</u>
	<u>6,223,141</u>	<u>-</u>	<u>6,223,141</u>
CHANGE IN NET ASSETS	2,251,502	242,396	2,493,898
NET ASSETS, BEGINNING	<u>3,391,023</u>	<u>239,128</u>	<u>3,630,151</u>
NET ASSETS, ENDING	<u><u>\$ 5,642,525</u></u>	<u><u>\$ 481,524</u></u>	<u><u>\$ 6,124,049</u></u>

See accompanying notes

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

Page 8

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
EXPENSES				
Operating				
Children's assistance fund	\$ 65,382	\$ -	\$ -	\$ 65,382
Credit card fees	1,492	-	28,584	30,076
Dues and subscriptions	53,333	15,010	26,577	94,920
Employee benefits	232,242	27,756	38,761	298,759
Equipment and maintenance	37,571	136	982	38,689
Insurance	57,527	-	-	57,527
Marketing	204,404	-	-	204,404
Materials	26,717	4,298	3,443	34,458
Mileage and meals	104,207	4,164	3,069	111,440
Office supplies	29,378	2,521	420	32,319
Payroll taxes	274,089	26,721	49,692	350,502
Printing	10,479	49	49	10,577
Postage	7,620	194	2,165	9,979
Professional services	18,078	27,100	7,450	52,628
Rent	340,146	30,825	53,190	424,161
Salaries	3,598,449	383,001	684,976	4,666,426
Telephone	51,412	4,446	6,172	62,030
Workers' compensation	19,865	1,862	3,330	25,057
Special Events				
Catering	-	-	10,424	10,424
Other event costs	-	-	43,638	43,638
Outside services	-	-	62,702	62,702
Printing	-	-	14,339	14,339
Site and equipment rental	-	-	312,865	312,865
In-Kind Donations				
Event tickets	7,723	-	-	7,723
Professional services	1,650	-	-	1,650
Supplies	21,107	-	-	21,107
TOTAL EXPENSES				
BEFORE DEPRECIATION	5,162,871	528,083	1,352,828	7,043,782
Depreciation	50,227	4,967	8,571	63,765
TOTAL EXPENSES	5,213,098	533,050	1,361,399	7,107,547
Less: Direct benefits to donors at special events included in revenue	-	-	(189,691)	(189,691)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	<u><u>\$ 5,213,098</u></u>	<u><u>\$ 533,050</u></u>	<u><u>\$ 1,171,708</u></u>	<u><u>\$ 6,917,856</u></u>

See accompanying notes

VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

Page 9

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
EXPENSES				
Operating				
Children's assistance fund	\$ 59,378	\$ -	\$ -	\$ 59,378
Credit card fees	844	-	12,884	13,728
Dues and subscriptions	58,462	20,999	20,024	99,485
Employee benefits	233,191	14,852	34,708	282,751
Equipment and maintenance	44,617	222	673	45,512
Insurance	55,197	-	-	55,197
Marketing	162,211	-	-	162,211
Materials	24,178	1,452	3,743	29,373
Mileage and meals	40,987	124	686	41,797
Office supplies	27,444	5,227	1,623	34,294
Payroll taxes	247,450	25,724	43,482	316,656
Printing	9,223	191	293	9,707
Postage	6,841	295	2,831	9,967
Professional services	50,680	42,858	82,690	176,228
Rent	326,946	29,737	51,896	408,579
Salaries	3,323,508	327,495	598,424	4,249,427
Telephone	47,444	4,107	6,141	57,692
Workers' compensation	22,977	2,342	4,178	29,497
Special Events				
Catering	-	-	10,264	10,264
Other event costs	-	-	18,855	18,855
Outside services	-	-	34,427	34,427
Printing	-	-	14,270	14,270
Site and equipment rental	-	-	39,900	39,900
In-Kind Donations				
Equipment	-	-	-	-
Event tickets	240	-	-	240
Professional services	12,458	-	-	12,458
Supplies	19,270	-	-	19,270
TOTAL EXPENSES				
BEFORE DEPRECIATION	4,773,546	475,625	981,992	6,231,163
Depreciation	39,608	3,757	6,556	49,921
TOTAL EXPENSES	4,813,154	479,382	988,548	6,281,084
Less: Direct benefits to donors at special events included in revenue	-	-	(57,943)	(57,943)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	\$ 4,813,154	\$ 479,382	\$ 930,605	\$ 6,223,141

See accompanying notes

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Page 10

	<u>2022</u>	<u>2021</u>
CASH FLOWS PROVIDED/(USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 5,021,307	\$ 2,493,898
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and amortization	63,765	49,921
Net unrealized (gain)/loss on investments	65,555	(70,498)
Donations of marketable securities included in contributions	(635,035)	(446,712)
PPP loan forgiveness	(874,052)	-
Change in operating assets and liabilities:		
Pledges receivable	(2,650,650)	32,983
Grants receivable	(59,989)	(19,516)
Prepaid expenses	(31,845)	(93,572)
Other receivable	790,454	(1,173,223)
Other assets	1,200	-
Accrued expenses	(114,747)	226,287
Deferred rent	(21,533)	(4,145)
Deferred revenue	(196,132)	532,554
	<u>(3,663,009)</u>	<u>(965,921)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,358,298	1,527,977
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Purchase of property and equipment	(137,960)	(53,760)
Proceeds on sale of marketable securities	793,035	693,706
Purchase of marketable securities	(171,558)	(264,657)
	483,517	375,289
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Proceeds from PPP loan payable	<u>-</u>	<u>874,052</u>
NET INCREASE IN CASH AND RESTRICTED CASH	1,841,815	2,777,318
CASH AND RESTRICTED CASH, BEGINNING OF YEAR	<u>5,658,129</u>	<u>2,880,811</u>
CASH AND RESTRICTED CASH, END OF YEAR	<u><u>\$ 7,499,944</u></u>	<u><u>\$ 5,658,129</u></u>

See accompanying notes

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

Page 11

NOTE 1 THE 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 - Under accounting standards on financial statements of not-for-profit organizations, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

Net assets without donor restrictions - Consists of assets which are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in any of its programs or supporting services. At June 30, 2022 and 2021, net assets without donor restrictions totaling \$121,640 and \$141,110 respectively, have been designated by the Board of Directors as an endowment for the purpose of securing the Organization's long term financial viability.

Net assets with donor restrictions – Net assets with donor restrictions consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds. At June 30, 2022 and 2021 the Organization had donor restricted assets of \$3,007,068 and \$481,524 respectively.

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, 2022 AND 2021

Page 12

Restricted cash – The Organization follows Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows Topic 230: Restricted Cash*, which provides guidance on the cash flows statement presentation and disclosure of restricted cash.

Investments - The Organization reports its investments in accordance with generally accepted accounting principles for not-for-profit organizations, which establish accounting standards for investments in certain equity securities and for all debt securities. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities. Investment income is recognized as revenue in the period it is earned and gains and losses are recognized as changes in net assets in the accounting period in which they occur.

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 that 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 without donor restrictions and available for general use unless designated by the donor for a specific purpose. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Pledges Receivables - Pledges receivables 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 pledges receivable using the allowance method. The allowance is determined based on management's experience and collection efforts.

The discounts on pledge receivables are computed using the estimated market interest rate applicable to the years in which the promises are received. Amortization of the discount is included in

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

Page 13

contribution revenue. The interest rate used in computing the discount of estimated future cash flows was 4% for long-term pledges received in 2022 and 2021.

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:

	2022	2021
Donated facilities	\$ 27,357	\$ 27,357
Event tickets	7,723	240
Professional services	1,650	12,458
Other miscellaneous contributions	21,107	19,270
Equipment	-	27,000
	<u>\$ 57,837</u>	<u>\$ 86,325</u>

An integral component of the Organization's work with foster children is its network of almost 1,400 volunteers. Many volunteers dedicate 20-25 hours or more each month to their activities with foster children and the Organization tracks their reported hours. For fiscal years ending June 30, 2022 and 2021, the combined donated hours reported by all the Organization's volunteers totaled approximately 117,000. The value of these hours is substantial, as the Independent Sector values similar services in California at \$35.56 per hour as of 2021, 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 15.7 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 cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. 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 years ended June 30, 2022 and 2021 was \$204,404 and \$162,211 respectively.

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

Page 14

Income Taxes - The Organization is exempt from federal and state of California 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, 2022 and 2021, 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.

Recent accounting pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, which replaced existing lease accounting guidance. The new standard is intended to provide enhanced transparency and comparability by requiring lessees to record right-of-use (ROU) assets and corresponding lease liabilities on the balance sheet. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. The new guidance requires the Organization to continue to classify leases as either an operating or finance lease, with classification affecting the pattern of expense recognition in the income statement. In addition, the new standard requires enhanced disclosure surrounding the amount, timing and uncertainty of cash flows arising from leasing agreements.

The new standard will be effective for the Organization beginning on July 1, 2022, with early adoption permitted, though the Organization currently anticipates adopting the new standard on the effective date. The new standard must be adopted using a modified retrospective method, which requires application of the new guidance at the beginning of the earliest comparative period presented and provides for certain practical expedients. The organization is assessing the effect of the new standard on its financial statements, though it does not anticipate changes to its current revenue recognition practices.

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

Page 15

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, 2022 and 2021, the Organization had approximately \$7,200,000 and \$5,519,000, 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>2022</u>	<u>2021</u>
Unrestricted cash	\$ 7,365,690	\$ 5,491,277
Restricted cash	134,254	166,852
	<u>\$ 7,499,944</u>	<u>\$ 5,658,129</u>

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

NOTE 4 INVESTMENTS

Investments consist of the following:

<u>2022</u>	<u>Cost</u>	<u>Fair value</u>
Bond funds	\$ 88,294	\$ 81,747
Equity funds	247,099	214,487
	<u>\$ 335,393</u>	<u>\$ 296,234</u>
<u>2021</u>	<u>Cost</u>	<u>Fair value</u>
Bond funds	\$ 48,508	\$ 50,230
Equity funds	268,208	298,001
	<u>\$ 316,716</u>	<u>\$ 348,231</u>

The following schedule summarizes the investment return of the investments held by the Organization for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Net realized and unrealized gain on investments	\$ (65,555)	\$ 70,498
Interest and dividends	20,735	24,125
Less: investment fees	(1,821)	(1,484)
	<u>\$ (46,641)</u>	<u>\$ 93,139</u>

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

Page 16

NOTE 5 PLEDGES RECEIVABLE

Pledges receivable consist of the following at June 30:

	2022	2021
Pledges receivable - due in less than one year	\$ 1,163,264	\$ 455,177
*Pledges receivable - due in excess of one year	2,100,000	-
	3,263,264	455,177
Less: discount	(157,437)	-
	<u>\$ 3,105,827</u>	<u>\$ 455,177</u>

The following is a schedule by years of receipts for pledges as of June 30:

2022	\$ 1,163,264
2023	700,000
2024	700,000
2025	700,000
	<u>\$ 3,263,264</u>

*The long-term pledges receivable are due from a single donor. Management estimates this amount to be fully collectible.

NOTE 6 GRANTS RECEIVABLE

Grants receivable consists of amounts due from various state agencies for the salaries of certain program employees, that have been incurred. As of June 30, 2022 and 2021, amounts due from various state agencies were \$382,759 and \$322,770 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, 2022 and 2021, 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.

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

Page 17

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.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. There were no changes in the methods used to measure fair value at June 30, 2022 and 2021.

Financial assets and liabilities carried at fair value at June 30, 2022 and 2021 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.

	2022 Level 1	2022 Level 2	2022 Level 3	2022 Total
Mutual funds	\$ 175,604	\$ -	\$ -	\$ 175,604
Bond funds	81,747	-	-	81,747
Exchange traded funds	38,883	-	-	38,883
	<u>\$ 296,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296,234</u>
	2021 Level 1	2021 Level 2	2021 Level 3	2021 Total
Mutual funds	\$ 274,932	\$ -	\$ -	\$ 274,932
Bond funds	50,230	-	-	50,230
Exchange traded funds	23,069	-	-	23,069
	<u>\$ 348,231</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 348,231</u>

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

Page 18

NOTE 8

Major categories of property and equipment are summarized as follows:

	Balance June 30, 2021	Additions	Disposals	Balance June 30, 2022
Office furniture and equipment	\$ 329,789	\$ 7,439	\$ -	\$ 337,228
Computers	324,362	130,521	-	454,883
Phone system	46,390	-	-	46,390
	<u>\$ 700,541</u>	<u>\$ 137,960</u>	<u>\$ -</u>	838,501
Accumulated depreciation				(612,512)
				<u>\$ 225,989</u>

Depreciation expense was \$63,765 and \$49,921 for the years ended June 30, 2022 and 2021, respectively.

	Balance June 30, 2020	Additions	Disposals	Balance June 30, 2021
Office furniture and equipment	\$ 296,396	\$ 33,393	\$ -	\$ 329,789
Computers	303,995	20,367	-	324,362
Phone system	46,390	-	-	46,390
	<u>\$ 646,781</u>	<u>\$ 53,760</u>	<u>\$ -</u>	700,541
Accumulated depreciation				(548,747)
				<u>\$ 151,794</u>

NOTE 9 ACCRUED EXPENSES

Accrued expenses consist of the following:

	2022	2021
Accrued vacation	\$ 319,537	\$ 261,209
Accrued payables	106,359	130,873
Accrued payroll	80,226	228,787
	<u>\$ 506,122</u>	<u>\$ 620,869</u>

NOTE 10 LINE OF CREDIT

The Organization has a line of credit for \$400,000 with California Bank & Trust. The Organization has drawn \$0 against this line as of June 30, 2022 and 2021. The line of credit is collateralized by substantially all of the assets of the Organization. The interest rate on the line is 5.63% at June 30, 2022. The line of credit matures on August 14, 2024.

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

Page 19

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.

NOTE 12 SPECIAL EVENTS

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

	<u>2022</u>	<u>2021</u>
Revenue		
Starry starry night	\$ 2,124,095	\$ 1,272,750
Uplifting voices	375,855	-
Fostering hope golf classic	177,720	185,422
Other fundraisers	<u>31,685</u>	<u>21,993</u>
	2,709,355	1,480,165
Expenses		
Starry starry night	344,592	61,149
Uplifting voices	52,850	-
Fostering hope golf classic	42,356	53,804
Other fundraisers	<u>4,170</u>	<u>2,761</u>
	<u>443,968</u>	<u>117,714</u>
	<u>\$ 2,265,387</u>	<u>\$ 1,362,451</u>

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

Page 20

NOTE 13 PPP FUNDS

On January 25, 2021, the Organization entered into note payable agreement with California Bank & Trust Bank for \$870,285, pursuant to the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The note matures two years from the disbursement date and bears interest at a rate of 1.000% per annum, with the first six months of interest deferred. Principal and interest are payable monthly commencing six months after the disbursement date and may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of loans granted under the PPP. The note is subject to forgiveness to the extent proceeds are used for payroll costs, including payments required to continue group health care benefits, and certain rent, utility, and mortgage interest expenses (qualifying expenses), pursuant to the terms and limitations of the PPP. On June 3, 2022, the Organization received an approval letter from the Small Business Administration, stated that their PPP Loan and any accrued interest had been fully forgiven. The loan forgiveness has been recorded and is included as PPP loan forgiveness, on the statement of activities and changes in net assets, for the year ended June 30, 2022.

NOTE 14 OTHER RECEIVABLE

On July 29, 2021 the Organization filed for the Employee Retention Credit (ERC). Laws and regulations concerning government programs, including the ERC established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization. A receivable has been recorded for \$1,173,223 on the statement of financial position for the amount Organization expects to receive for the year-ended June 30, 2021. That amount has been included as other income on the statement of activities for the year-ended June 30, 2021. As of June 30, 2022, approximately \$790,000 of the receivable had been collected.

NOTE 15 COMMITMENTS

The Organization is currently leasing office space under an operating lease that expires in March 2024. Rent expense for 2022 and 2021 was \$424,161 and \$408,579 respectively; which includes \$27,357 of donated office space from the Juvenile Court for the years ended June 30, 2022 and 2021. The Organization expects that the Juvenile Court will make such in-kind donations in the future.

The organization entered into an 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.

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

Page 21

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:

2023	365,148
2024	287,550
	<u>\$ 652,698</u>

NOTE 16 ENDOWMENT FUND

In 2017 the Organization received funds totaling \$100,000 from two donors, for the purpose of establishing a restricted endowment fund, in the honor of former President/CEO Sharon M. Lawrence. During 2018, the Organization received an additional \$62,500. As a result, the Organization is now subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Organization's Board of Directors has interpreted the UPMIFA as permitting the expenditure or accumulation of as much of endowment funds as the Organization determines to be prudent for the uses, benefits, purposes and duration for which the endowment fund was established, even if this results in the occasional invasion of the endowment's historical gift value. Thus, at times, the value of donor-restricted assets may fall below the level that a donor requires the Organization to maintain as restricted net assets. As of June 30, 2022 and 2021, the value of the donor-restricted assets had not fallen below the original donated level.

The Organization classifies as restricted endowment net assets (a) the original value of gifts used to establish endowments and (b) the original value of subsequent gifts to endowments: collectively known as "historical gift value." Board designated endowment funds are classified as net assets without donor restrictions, available to be appropriated for expenditure by the Center.

Included in marketable securities on the Statement of Financial Position are donor restricted and board designated investments held in an endowment fund. The objective of the endowment fund is to support the continuing operations of the Organization. During the fiscal year ending June 30, 2018, the Organization delegated authority over the investment of the Endowment Fund to the Finance Committee (the "Committee"). The Committee is responsible for the oversight of the investments of the Endowment Fund and for reporting on the Fund's performance to the Board. The Committee is authorized to retain an investment manager to make investment decisions.

To achieve the desired objective, the Organization will adopt an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are typically invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to meet the annual distribution policy rules while growing the fund if possible. Investment risk is measured in terms of the total endowment fund, investment assets, and allocation between asset classes. Strategies are managed to not expose the fund to unacceptable levels of risk.

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

Page 22

Endowment payout is defined as a fixed percentage of the market value of the Endowment Funds that can be used for appropriation every year. This amount will be available for Organization-wide operating purposes, including investment management fees for the Endowment Fund. As of June 30, 2022, the endowment payout is set at 5% as determined by the finance committee.

The portion of the Endowment Fund that is classified as with donor restrictions (to be held in perpetuity) is not reduced by losses on the investments of the fund. Losses on the investments of the funds reduce the net assets with donor restrictions to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been met before the loss occurs. Any remaining losses reduce net assets without donor restrictions. All additions over the historical gift value may, subject to the discretion of the board of directors, to be used to fund distributions supporting the purposes of the fund.

Changes in endowment net assets as of June 30, 2022 are as follows:

	With donor restrictions	Without donor restrictions	Total endowment net assets
Endowment net assets, beginning of year	\$ 224,672	\$ 141,110	\$ 365,782
Investment income	10,651	7,111	17,762
Unrealized gain on investments	(38,982)	(25,850)	(64,832)
Investment and trustee fees	(1,090)	(731)	(1,821)
Endowment net assets, end of year	<u>\$ 195,251</u>	<u>\$ 121,640</u>	<u>\$ 316,891</u>

Endowment net asset composition by type of fund as of June 30, 2022:

	With donor restrictions	Without donor restrictions	Endowment net assets
Donor-restricted endowment funds	\$ 195,251	\$ -	\$ 195,251
Board-designated endowment funds	-	121,640	121,640
Total funds	<u>\$ 195,251</u>	<u>\$ 121,640</u>	<u>\$ 316,891</u>

Changes in endowment net assets as of June 30, 2021 are as follows:

	With donor restrictions	Without donor restrictions	Total endowment net assets
Endowment net assets, beginning of year	\$ 171,533	\$ 106,275	\$ 277,808
Investment income	11,286	7,674	18,960
Unrealized gain on investments	42,740	27,758	70,498
Investment and trustee fees	(887)	(597)	(1,484)
Endowment net assets, end of year	<u>\$ 224,672</u>	<u>\$ 141,110</u>	<u>\$ 365,782</u>

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

Page 23

Endowment net asset composition by type of fund as of June 30, 2021:

	With donor restrictions	Without donor restrictions	Endowment net assets
Donor-restricted endowment funds	\$ 224,672	\$ -	\$ 224,672
Board-designated endowment funds	-	141,110	141,110
Total funds	<u>\$ 224,672</u>	<u>\$ 141,110</u>	<u>\$ 365,782</u>

NOTE 17 NET ASSETS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or events specified by donors during fiscal years ended June 30 are as follows:

	2022	2021
Purpose restrictions accomplished:		
Grant fulfillment	\$ 61,755	\$ 92,819
Children's assistance program	65,382	57,234
	<u>\$ 127,137</u>	<u>\$ 150,053</u>

Net assets consist of the following at June 30:

	2022	2021
Without donor restrictions:		
Undesignated and unrestricted	\$ 8,016,648	\$ 5,501,415
Board designated	121,640	141,110
	8,138,288	5,642,525
With donor restrictions		
Time restricted - pledges receivable (net of discounts)	\$ 2,652,563	\$ -
Grant fulfillment	25,000	86,547
Children's assistance program	134,254	170,305
Endowments held in perpetuity	162,500	162,500
Accumulated endowment earnings	32,751	62,172
	<u>3,007,068</u>	<u>481,524</u>
	<u>\$ 11,145,356</u>	<u>\$ 6,124,049</u>

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

Page 24

NOTE 18 LIQUIDITY AND AVAILABILITY

The Organization is substantially supported by contributions without donor restrictions. Contributions and expenses are monitored on a monthly basis by the Organization's management and a committee of the Board of Directors. The level of assets are monitored on an annual basis. The Organization's goal is to be able to function within the boundaries of the income received throughout the year.

The Organization currently has a line of credit established with a local bank. The line of credit ensures short-term financial ability of the Organization to pay general expenditures. As part of the Organization's liquidity management, it has structured its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization manages its liquidity following three guiding principles: operating within a prudent range of financial stewardship and stability, maintaining adequate liquid assets to fund near term operating needs, and maintaining sufficient funds to provide reasonable assurance that long-term obligations will be discharged.

The following reflects the Organization's financial assets as of June 30, 2022 and 2021 , reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

Financial assets, at year-end:	2022	2021
Cash	\$ 7,499,944	\$ 5,658,129
Pledge receivable	3,105,827	455,177
Grants receivable	382,759	322,770
Other receivable	382,769	1,173,223
Marketable securities	296,234	348,231
Total financial assets	11,667,533	7,957,530
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:		
Restricted by time - pledges receivable (net of discounts)	(1,942,563)	-
Restricted by purpose	(159,254)	(256,852)
Endowment funds held in perpetuity	(162,500)	(162,500)
Accumulated endowment earnings	(32,751)	(62,172)
	(2,297,068)	(481,524)
Financial assets available to meet general expenditures within one year	<u>\$ 9,370,465</u>	<u>\$ 7,476,006</u>

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

Page 25

NOTE 19 SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 8, 2022, 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.

VOICES FOR CHILDREN
A NON PROFIT ORGANIZATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Page 26

					Expenditures	
Federal Agency Name	Pass Through Agency	Federal Program Title	Assistance Listing Number	Other Identification Number	Federal Expenditures	Passed-through to subrecipients
U.S. Department of Justice	California Governors Office of Emergency Services	Crime Victims Assistance	16.575	UV 20 05 1591	\$ 118,392	\$ -
U.S. Department of Justice	California Governors Office of Emergency Services	Crime Victims Assistance	16.575	UV 21 06 1591	110,807	-
U.S. Department of Justice	California Governors Office of Emergency Services	Crime Victims Assistance	16.575	XY 20 13 1591	97,845	-
U.S. Department of Justice	California Governors Office of Emergency Services	Crime Victims Assistance	16.575	XY 21 01 1591	85,079	-
U.S. Department of Justice	California Governors Office of Emergency Services	Crime Victims Assistance	16.575	KI 21 04 1591	102,499	-
U.S. Department of Justice	California Governors Office of Emergency Services	Crime Victims Assistance	16.575	KI 20 03 1591	85,587	-
U.S. Department of Justice	California Governors Office of Emergency Services	Crime Victims Assistance	16.575	KS 20 04 1591	57,293	-

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule

VOICES FOR CHILDREN
A NON PROFIT ORGANIZATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Page 27

					Expenditures	
Federal Agency Name	Pass Through Agency	Federal Program Title	Assistance Listing Number	Other Identification Number	Federal Expenditures	Passed-through to subrecipients
U.S. Department of Justice	California Governors Office of Emergency Services	Crime Victims Assistance	16.575	KS 21 03 1591	188,758	-
Total U.S. Department of Justice					846,260	-
U.S. Department of Housing and Urban Development	County of San Diego	Community Development Block Grant	14.218	565370	355,969	-
U.S. Department of Housing and Urban Development	City of San Diego	Community Development Block Grant	14.218	b-20-mv-06-0542	100,512	-
U.S. Department of Housing and Urban Development	City of Chula Vista	Community Development Block Grant	14.218	2021-065	30,000	-
U.S. Department of Housing and Urban Development	City of Escondido	Community Development Block Grant	14.218		10,000	-
U.S. Department of Housing and Urban Development	City of Santee	Community Development Block Grant	14.218		3,330	-

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule

VOICES FOR CHILDREN
A NON PROFIT ORGANIZATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Page 28

					Expenditures	
Federal Agency Name	Pass Through Agency	Federal Program Title	Assistance Listing Number	Other Identification Number	From Direct Awards	From Pass Through Awards
U.S. Department of Housing and Urban Development	County of Riverside	Community Development Block Grant	14.218	0.229-21	55,000	-
U.S. Department of Housing and Urban Development	City of Hemet	Community Development Block Grant	14.218		10,000	-
U.S. Department of Housing and Urban Development	City of Moreno Valley	Community Development Block Grant	14.218		30,000	-
U.S. Department of Housing and Urban Development	City of Riverside	Community Development Block Grant	14.218		8,960	-
U.S. Department of Housing and Urban Development	City of Temecula	Community Development Block Grant	14.218		6,970	-
U.S. Department of Housing and Urban Development	City of Corona	Community Development Block Grant	14.218		25,000	-
Total U.S. Department of Housing and Urban Development					635,741	-
TOTAL FEDERAL AWARDS EXPENDED					<u>\$ 1,482,001</u>	<u>\$ -</u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Page 29

NOTE 1 BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Voices for Children (the "Organization") under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The Organization has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance (2 CFR 200.414)

NOTE 3 PROGRAM COSTS/MATCHING CONTRIBUTIONS

The amounts shown as current year expenses represent only the federal, state, and local grant portion of the program costs. Entire program costs including the Organization's portion, may be more than shown.

**VOICES FOR CHILDREN
A NONPROFIT ORGANIZATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Page 30

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered material weaknesses? ☐ Yes ☒ None Reported
- Non-compliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?

☐ Yes ☒ No

Identification of Major Programs

CFDA Numbers

Name of Federal Program or Cluster

14.218

Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

B. Financial Statement Findings

None noted.

C. Federal Award Findings

None noted.

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To The Board of Directors
Voices For Children
A Nonprofit Organization

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Voices For Children (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Voices For Children's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Voices for Children’s internal control. Accordingly, we do not express an opinion on the effectiveness of Voices for Children’s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Voices For Children's financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

CONSIDINE & CONSIDINE
An Accountancy Corporation

November 8, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To The Board of Directors
Voices For Children
A Nonprofit Organization

Report on Compliance for the Major Federal Program

Opinion on Major Federal Program

We have audited Voices For Children's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Voices For Children's major federal program for the year ended June 30, 2022. Voices For Children's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Voices for Children complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Voices for Children and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for its major federal program. Our audit does not provide a legal determination of Voices for Children's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Voices for Children's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Voices for Children's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Voices for Children's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Voices for Children's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Voices for Children's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Voices for Children's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed

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

CONSIDINE & CONSIDINE
An Accountancy Corporation

November 8, 2022