

VOICES FOR CHILDREN FOUNDATION, INC.

**FINANCIAL STATEMENTS,
INDEPENDENT AUDITOR'S REPORT,
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2020 AND 2019

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 22
SUPPLEMENTARY INFORMATION:	
Schedule of Expenditures of Federal Awards and State Financial Assistance	24
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	25
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>	26 - 27
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	28 - 29
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL PROGRAMS AND STATE PROJECTS	31 - 33

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Voices For Children Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Voices For Children Foundation, Inc. (the "Organization"), (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Foundation, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other 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 and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, Rules of the Auditor General of the State of Florida, 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 information 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 February 25, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 the Organization's internal control over financial reporting and compliance.

Pinchasik Yelen Muskat Stein, LLC

Miami, Florida
February 25, 2021

VOICES FOR CHILDREN FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 644,815	\$ 327,499
Grants receivable	880,854	578,313
Promises receivable, net of discount of \$853 and \$534 as of June 30, 2020 and 2019, respectively, and allowance for doubtful promises of \$10,000 as of June 30, 2020 and 2019	197,232	332,892
Prepaid expenses and other assets	<u>102,984</u>	<u>104,933</u>
Total current assets	<u>1,825,885</u>	<u>1,343,637</u>
NON-CURRENT ASSETS		
Endowment investments	1,503,523	1,429,063
Promises receivable, net of discounts of \$1,171 and \$1,961 as of June 30, 2020 and 2019, respectively	18,829	69,039
Property and equipment, net	<u>5,205</u>	<u>3,890</u>
Total non-current assets	<u>1,527,557</u>	<u>1,501,992</u>
Total assets	<u>\$ 3,353,442</u>	<u>\$ 2,845,629</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 79,687	\$ 95,013
Accrued payroll and benefits	166,838	220,885
Accrued vacation	103,934	113,335
Line of credit	465,722	251,178
Paycheck Protection Program refundable advance	613,000	-
Unearned revenue	<u>43,225</u>	<u>65,000</u>
Total liabilities	<u>1,472,406</u>	<u>745,411</u>
NET ASSETS		
Without donor restrictions	1,035,757	1,179,598
With donor restrictions	<u>845,279</u>	<u>920,620</u>
Total net assets	<u>1,881,036</u>	<u>2,100,218</u>
Total liabilities and net assets	<u>\$ 3,353,442</u>	<u>\$ 2,845,629</u>

The accompanying notes are an integral part of these financial statements.

VOICES FOR CHILDREN FOUNDATION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Net assets without donor restrictions	Net assets with donor restrictions	Total
SUPPORT AND REVENUES			
Grants	\$ 62,955	\$ 2,742,016	\$ 2,804,971
Contributions	490,809	173,165	663,974
Investment income, net of fees	67,502	13,083	80,585
Amortization of discounts on promises receivable	-	554	554
	<u>621,266</u>	<u>2,928,818</u>	<u>3,550,084</u>
Special events	892,611	-	892,611
Special events in-kind	95,476	-	95,476
Less: Direct costs	(321,460)	-	(321,460)
Direct costs in-kind	<u>(95,476)</u>	<u>-</u>	<u>(95,476)</u>
	<u>571,151</u>	<u>-</u>	<u>571,151</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>3,004,159</u>	<u>(3,004,159)</u>	<u>-</u>
Total support and revenues	<u>4,196,576</u>	<u>(75,341)</u>	<u>4,121,235</u>
EXPENSES			
PROGRAM SERVICES			
Guardian ad Litem Support	3,127,918		3,127,918
Children's Needs	603,034		603,034
Total program services	<u>3,730,952</u>		<u>3,730,952</u>
SUPPORTING SERVICES			
Fundraising	238,264		238,264
Management and general	371,201		371,201
Total supporting services	<u>609,465</u>		<u>609,465</u>
Total expenses	<u>4,340,417</u>		<u>4,340,417</u>
CHANGE IN NET DEFICIT	(143,841)	(75,341)	(219,182)
NET ASSETS - BEGINNING	<u>1,179,598</u>	<u>920,620</u>	<u>2,100,218</u>
NET ASSETS - ENDING	<u>\$ 1,035,757</u>	<u>\$ 845,279</u>	<u>\$ 1,881,036</u>

The accompanying notes are an integral part of these financial statements.

VOICES FOR CHILDREN FOUNDATION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Net assets without donor restrictions	Net assets with donor restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
SUPPORT AND REVENUES			
Grants	\$ -	\$ 2,783,043	\$ 2,783,043
Contributions	839,493	304,857	1,144,350
Investment income, net of fees	73,830	13,886	87,716
Amortization of discounts on promises receivable	-	64	64
	<u>913,323</u>	<u>3,101,850</u>	<u>4,015,173</u>
Special events	819,713	-	819,713
Special events in-kind	83,198	-	83,198
Less: Direct costs	(351,509)	-	(351,509)
Direct costs in-kind	<u>(83,198)</u>	<u>-</u>	<u>(83,198)</u>
	<u>468,204</u>	<u>-</u>	<u>468,204</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>3,154,992</u>	<u>(3,154,992)</u>	<u>-</u>
Total support and revenues	<u>4,536,519</u>	<u>(53,142)</u>	<u>4,483,377</u>
EXPENSES			
PROGRAM SERVICES			
Guardian ad Litem Support	2,985,187		2,985,187
Children's Needs	738,312		738,312
Total program services	<u>3,723,499</u>		<u>3,723,499</u>
SUPPORTING SERVICES			
Fundraising	287,214		287,214
Management and general	468,332		468,332
Total supporting services	<u>755,546</u>		<u>755,546</u>
Total expenses	<u>4,479,045</u>		<u>4,479,045</u>
CHANGE IN NET ASSETS	57,474	(53,142)	4,332
NET ASSETS - BEGINNING	<u>1,122,124</u>	<u>973,762</u>	<u>2,095,886</u>
NET ASSETS - ENDING	<u>\$ 1,179,598</u>	<u>\$ 920,620</u>	<u>\$ 2,100,218</u>

The accompanying notes are an integral part of these financial statements.

VOICES FOR CHILDREN FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services		Supporting Services		Total
	Guardian ad Litem Support	Children's Needs	Fundraising	Management and General	
Accounting	\$ 16,883	\$ 2,814	\$ -	\$ 36,581	\$ 56,278
Advertising	103	26	-	386	515
Bank fees	120	-	-	20,678	20,798
Children's assistance	-	359,592	-	-	359,592
Depreciation	1,279	341	1,449	1,193	4,262
Donor development	7,281	10,155	13,106	4,369	34,911
Grant writer	9,000	3,000	42,000	6,000	60,000
Insurance	49,175	3,815	17,576	17,576	88,142
Interest	-	-	-	22,401	22,401
Miscellaneous professional fees	67,676	6,269	9,853	11,054	94,852
Office and administrative	15,967	3,627	15,413	13,596	48,603
Other	113,332	572	3,692	-	117,596
Parking	52,041	517	1,209	996	54,763
Payroll and related costs	2,639,939	152,995	75,270	211,805	3,080,009
Postage	90	36	162	72	360
Recruitment materials	48,105	-	-	1,435	49,540
Rent	24,182	8,060	28,211	20,151	80,604
Representation consulting	9,006	-	27,018	-	36,024
Telephone	572	191	667	477	1,907
Training and support	7,958	50,269	982	982	60,191
Travel	65,209	755	1,656	1,449	69,069
	<u>\$ 3,127,918</u>	<u>\$ 603,034</u>	<u>\$ 238,264</u>	<u>\$ 371,201</u>	<u>\$ 4,340,417</u>

The accompanying notes are an integral part of these financial statements.

VOICES FOR CHILDREN FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services		Supporting Services		Total
	Guardian ad Litem Support	Children's Needs	Fundraising	Management and General	
Accounting	\$ 10,659	\$ 1,776	\$ -	\$ 23,093	\$ 35,528
Advertising	2,828	707	-	10,608	14,143
Bank fees	-	5,491	-	15,578	21,069
Children's assistance	-	466,318	-	-	466,318
Depreciation	425	113	481	396	1,415
Donor development	11,754	7,052	21,156	7,052	47,014
Grant writer	9,000	3,000	41,760	6,240	60,000
Grants to others	-	1,583	-	-	1,583
Insurance	42,880	2,617	8,965	8,966	63,428
Interest	-	-	-	17,440	17,440
Miscellaneous professional fees	72,626	5,382	7,745	35,281	121,034
Office and administrative	15,512	1,477	7,939	7,329	32,257
Other	16,841	126	591	504	18,062
Parking	68,343	459	1,956	1,601	72,359
Payroll and related costs	2,550,485	145,731	131,337	306,453	3,134,006
Postage	1,873	784	3,360	1,510	7,527
Recruitment materials	49,906	-	-	-	49,906
Rent	24,182	8,060	28,050	20,312	80,604
Representation consulting	9,128	-	27,384	-	36,512
Telephone	505	168	586	424	1,683
Training and support	12,210	85,969	2,727	2,727	103,633
Travel	86,030	1,499	3,177	2,818	93,524
	<u>\$ 2,985,187</u>	<u>\$ 738,312</u>	<u>\$ 287,214</u>	<u>\$ 468,332</u>	<u>\$ 4,479,045</u>

The accompanying notes are an integral part of these financial statements.

VOICES FOR CHILDREN FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

	June 30, 2020	June 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets (deficit)	\$ (219,182)	\$ 4,332
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Amortization of discounts on promises receivable	(554)	(64)
Depreciation	4,262	1,415
Net realized and unrealized gain on endowment investments	(65,851)	(66,599)
Changes in operating assets and liabilities:		
Grants receivable	(302,541)	167,244
Promises receivable	186,424	(234,263)
Prepaid expenses and other assets	1,949	(46,423)
Accounts payable and accrued expenses	(15,326)	21,364
Accrued payroll and benefits	(54,047)	(34,597)
Accrued vacation	(9,401)	(3,518)
Paycheck Protection Program refundable advance	613,000	-
Unearned revenue	(21,775)	(15,000)
Net cash and cash equivalents provided by (used in) operating activities	116,958	(206,109)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(5,577)	-
Purchase of endowment investments	(22,105)	(389,671)
Proceeds from sale of endowment investments	13,496	439,313
Net cash and cash equivalents provided by (used in) investing activities	(14,186)	49,642
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	765,722	567,440
Repayments on line of credit	(551,178)	(584,014)
Net cash and cash equivalents provided by (used in) financing activities	214,544	(16,574)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	317,316	(173,041)
CASH AND CASH EQUIVALENTS - BEGINNING	327,499	500,540
CASH AND CASH EQUIVALENTS - ENDING	\$ 644,815	\$ 327,499
<u>SUPPLEMENTAL DISCLOSURE</u>		
In-kind contributions	\$ 182,123	\$ 169,989
Interest paid	\$ 22,401	\$ 17,440

The accompanying notes are an integral part of these financial statements.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

The mission of Voices For Children Foundation, Inc. (the "Organization") is to raise funds to ensure that every abused and neglected child in Miami-Dade County has a court-appointed Guardian ad Litem and that financial assistance and other resources are available for their health, educational and social needs. In addition, the Organization is committed to educating the public on children's issues and child abuse prevention.

The Organization currently conducts two main projects:

- Guardian ad Litem Support - Project advocates for the best interests of children of the 11th Judicial Circuit Guardian ad Litem Program who are abused, neglected or abandoned and who are involved in court proceedings.
- Children's Needs - Project provides financial assistance to children for immediate basic needs (food, clothing, shelter) as well as educational and enrichment needs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). GAAP requires the Organization to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions. The two classes of net asset categories are as follows:

- *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- *Net assets with donor restrictions* – Net assets that are subject to explicit donor-imposed restrictions such as time and/or purpose restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers demand deposits and highly liquid investments available for current use purchased with an original maturity of three months or less to be cash equivalents.

Grants Revenues and Grants Receivable

The Organization is dependent upon public and governmental support for its operation and receives a significant portion of its revenue from government grants and contracts. The amount and timeliness in which the support from governmental agencies and fundraising events are collected is essential to meet the normal cash flow needs of the Organization.

The amounts received under grants and contracts are designed for specific purposes by the granting agencies. Grants revenue is recognized when the allowable costs, as defined by the individual grants or contracts, are incurred and/or unit of service has been performed. The Organization records advances at the start of each grant as a liability. Upon completion or expiration of a grant, unexpended funds are not available to the Organization.

Amounts reflected as grants receivable represent expenditures, which have not yet been reimbursed by the granting agency.

Contributions and Promises Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction or net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction.

Unconditional promises to give are recognized at fair value in the period the promise is made. Promises to be received over more than one year are measured at the present value of estimated future cash flows using risk-free interest rates applicable to the respective years in which the promises are expected to be received. Conditional promises and grants receivable are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Promises Receivable (Continued)

The Organization maintains an allowance for uncollectible promises receivable for estimated losses resulting from inability of its donors to make required payments. An allowance for uncollectible promises receivable is provided based on prior collection history and management's analysis of specific promises made. Promises receivable are written off after all means of collection have been exhausted and the potential for recovery is considered remote.

Donated Facilities

Effective October 2012, the Organization moved to a building donated by the Florida Statewide Guardian ad Litem Office. The estimated fair rental values of the donated facilities were approximately \$80,600 per-year, for the years ended June 30, 2020 and 2019.

Contributed Services

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and would be typically purchased if not provided by donation. Many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. Therefore, no amounts have been reflected in the financial statements for donated services.

Endowment Investments

Endowment investments in marketable securities with readily determinable fair values and all investments in debt securities are initially recorded at cost as of the date of acquisition and are reported at their fair values in the statements of financial position in accordance with FASB ASC 958, *Investments - Debt and Equity Securities Held by Not-for-Profit Organizations*. Restrictions on investment earnings are reported as increases in net assets with donor restrictions if the restrictions expire in the fiscal year in which earnings are recognized. Investment income (including interest and dividend income and net realized and unrealized gains and losses) is included in the accompanying statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Investment fees are netted against investment income.

Income Taxes

The Internal Revenue Service has determined that the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements reflect no provision for income taxes. The Organization's income tax filings are subject to audit by federal tax authorities. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the accompanying financial statements.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Purchased property and equipment are recorded at cost. Expenditures for property and equipment in excess of \$1,000 are capitalized. Lesser amounts are expensed. Expenditures for repairs and maintenance are charged to expense as incurred. Donations of property and equipment are capitalized at their estimated fair value at the date contributed. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from three to seven years.

The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate such value may not be recoverable. If such assets are considered impaired, the assets will be written down to their fair market values with a corresponding charge to change in net assets.

Accrued Vacation

The Organization records a liability for amounts due to employees for future absences, which are attributable to services performed in the current and prior periods depending on length of service and other factors. Accrued vacation at June 30, 2020 and 2019 is approximately \$104,000 and \$113,000, respectively.

Allocation of Functional Expenses

Identifiable expenditures made in direct fulfillment of the Organization's expressed goals are classified as Guardian ad Litem Support or Children's Needs. In addition, the costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain common expenses have been allocated among the programs and supporting services based upon management's estimate of the costs related to each function based on factors such as time spent or space utilized.

Fair Value Measurements

The Organization reports its fair value measures using a fair value hierarchy defined by generally accepted accounting principles that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The three levels of the fair value hierarchy under generally accepted accounting principles are:

- Level 1 Observable inputs, such as quoted market prices in active markets for the identical asset or liability that are accessible at the measurement date.
- Level 2 Observable inputs for similar assets or liabilities in active markets, or other than quoted prices in an active market that are observable either directly or indirectly.
- Level 3 Unobservable inputs that reflect the entity's own assumptions about the exit price of the asset or liability. Unobservable inputs may be used if there is little or no market data for the asset or liability at the measurement date.

The following is a description of the valuation methodology used for endowment investments measured on a recurring basis at fair value:

Money market funds: Valued at their face amount because of the short length of time to maturity.

Equity securities and fixed income securities: Valued at the closing price reported on the active market in which the security is traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The fair values of the Organization's endowment investments measured on a recurring basis at June 30, 2020 and 2019, are as follows:

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 212,502	\$ -	\$ -	\$ 212,502
Equity securities	962,352	-	-	962,352
Fixed income securities	<u>328,669</u>	-	-	<u>328,669</u>
Total investments	<u>\$1,503,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,503,523</u>
	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 165,724	\$ -	\$ -	\$ 165,724
Equity securities	924,276	-	-	924,276
Fixed income securities	<u>339,063</u>	-	-	<u>339,063</u>
Total investments	<u>\$1,429,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,429,063</u>

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). The following is a description of the valuation methodologies used for the Organization's financial and non-financial assets and liabilities measured at fair value on a nonrecurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Cash and cash equivalents, grants receivable, prepaid expenses and other assets, accounts payable, accrued expenses, accrued payroll, accrued vacation, Paycheck Protection Program refundable advance, line of credit and unearned revenue: These financial instruments approximate their fair value because of the short term nature of these instruments.

Promises receivable: Subsequent to initial recognition, revaluations are recorded upon evidence of declines in fair value arising from changes in expected timing of cash inflows. Fair values of promises receivable are estimated using Level 3 inputs based on customized discounting criteria. There were no transfers between the levels of the fair value hierarchy during the years ended June 30, 2020 and 2019.

Adopted Accounting Pronouncements

Accounting Guidance for Contributions Received and Contributions Made: During the year ended June 30, 2020, the Organization adopted *Accounting Standards Update ("ASU") 2018-08, Not for Profit Entities (Topic 958) – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The update provides guidance in evaluating whether transactions should be accounted for as contributions or as an exchange transaction and determining whether a contribution is conditional or not. The adoption of this update did not have a material effect on the Organization's financial statements.

Recent Accounting Pronouncements

Revenue from Contracts with Customers (Topic 606): In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606)*, in response to the ongoing impacts to U.S. businesses in response to the coronavirus pandemic. This update amends the effective date for implementing previously issued ASC 606 to give immediate relief to certain entities as a result of the widespread adverse economic effects and business disruptions caused by the coronavirus pandemic. ASU 2020-05 permits private and non-profit entities that have not yet issued their financial statements or made financial statements available for issuance as of June 3, 2020, to adopt ASC 606 for annual reporting periods beginning after December 15, 2019, and in interim periods beginning after December 15, 2020. The Organization is currently evaluating the effect the update will have on its financial statements.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

Contributed Nonfinancial Assets: In September 2020, the FASB issued ASU 2020-07 which amends guidance for not-for-profit entities that receive contributed nonfinancial assets. The update requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, and to disclose information regarding each type of contributed nonfinancial asset. The update is to be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2021, and for interim reporting periods beginning after June 15, 2022. The Organization is currently evaluating the effect the update will have on its financial statements.

Advertising

Advertising expenses are charged to expense as incurred.

Subsequent Events

In preparation of these financial statements and in accordance with ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure in the financial statements through February 25, 2021 the date which the financial statements were available to be issued.

NOTE 3 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following purposes:

	June 30, <u>2020</u>	June 30, <u>2019</u>
Advocacy Project	\$ 34,505	\$ 41,461
Children's Needs	667,486	546,017
Empower a Student	8,000	8,000
Foster Family Recruitment Campaign	9,840	50,000
Guardian Ad Litem	-	9,772
Human Trafficking Project	14,251	33,788
It Takes A Village	-	24,861
Multi-year promises restricted by time	51,000	71,000
Other net assets with restrictions to be held in perpetuity	60,197	57,127
Transitioning Youth Project	-	78,594
	<u>\$845,279</u>	<u>\$920,620</u>

NOTE 4 - RESTRICTED FUNDS AND ENDOWMENT INVESTMENTS

The Organization's endowment consists of individual funds reported as net assets without donor restrictions and net assets with donor restrictions that must be maintained in perpetuity. The earnings on these assets may be used to support the Organization's activities and are used as needed and approved by the Board. The endowment is comprised of donor-restricted funds and unrestricted funds.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 4 - RESTRICTED FUNDS AND ENDOWMENT INVESTMENTS (Continued)

As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization's Board of Directors has established two separate funds, known as the "VFCF Endowment Fund" and the "Pan Endowment for Children", for the purpose of raising and preserving funds for long-term use, consistent with the purposes of the Organization.

These funds aggregated \$1,503,523 at June 30, 2020 and consisted of \$1,256,001 of unrestricted funds and \$247,522 of funds restricted by donors. At June 30, 2019, these funds aggregated \$1,429,063 and consisted of \$1,194,624 of unrestricted funds and \$234,439 of funds restricted by donors.

FASB ASC 958, *Not-for-Profit Entities*, provides guidance on the asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) and disclosures about an organization's endowment funds, whether or not the organization is subject to the Act.

The Organization has interpreted FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the endowment funds
- (2) The purposes of the donor-restricted endowment funds
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and appreciation of investments
- (6) Other resources of the Organization
- (7) The Organization's investment policies

Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. Short term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 4 - RESTRICTED FUNDS AND ENDOWMENT INVESTMENTS (Continued)

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long term objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to the spending policy

The Organization has a policy of appropriating for distribution each year five percent of its endowment funds average fair value over the prior eight quarters. If the total return is zero or negative, there will be no distribution recommended. Distributions are discretionary unless required by the Internal Revenue Service or other regulatory body. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

For the years ended June 30, 2020 and 2019, the Organization has elected not to add appreciation for cost of living or other spending policies to its restricted endowment for inflation or other economic conditions. Income (loss) from the funds is reflected as an increase (decrease) in net assets without donor restrictions and restricted fund balances in accordance with donor imposed restrictions. The funds are maintained with a private investment institution. Investments are stated at fair value and consisted of the following:

June 30, 2020

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money market funds	\$ 212,502	\$ 212,502	\$ -
Equity securities	548,076	962,352	414,276
Fixed income securities	<u>292,127</u>	<u>328,669</u>	<u>36,542</u>
	<u>\$ 979,056</u>	<u>\$1,503,523</u>	<u>\$450,818</u>

June 30, 2019

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money market funds	\$ 165,724	\$ 165,724	\$ -
Equity securities	541,838	924,276	382,438
Fixed income securities	<u>341,658</u>	<u>339,063</u>	<u>(2,595)</u>
	<u>\$1,049,220</u>	<u>\$1,429,063</u>	<u>\$379,843</u>

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 4 - RESTRICTED FUNDS AND ENDOWMENT INVESTMENTS (Continued)

The composition of endowment net assets for these funds and the changes in endowment net assets as of June 30, 2020 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$1,194,624	\$234,439	\$1,429,063
Investment return:			
Investment income	18,609	3,495	22,104
Net realized/unrealized gains	<u>53,866</u>	<u>11,985</u>	<u>65,851</u>
Total investment return	<u>72,475</u>	<u>15,480</u>	<u>87,955</u>
Appropriation of endowment assets for expenditure	(11,098)	(2,397)	(13,495)
Withdrawals	<u>(-)</u>	<u>(-)</u>	<u>(-)</u>
Endowment net assets, end of year	<u>\$1,256,001</u>	<u>\$247,522</u>	<u>\$1,503,523</u>

The composition of endowment net assets for these funds and the changes in endowment net assets as of June 30, 2019 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$1,180,272	\$231,834	\$1,412,106
Investment return:			
Investment income	22,733	4,210	26,943
Net realized/unrealized gains	<u>54,707</u>	<u>11,892</u>	<u>66,599</u>
Total investment return	<u>77,440</u>	<u>16,102</u>	<u>93,542</u>
Appropriation of endowment assets for expenditure	(9,510)	(2,216)	(11,726)
Withdrawals	<u>(53,578)</u>	<u>(11,281)</u>	<u>(64,859)</u>
Endowment net assets, end of year	<u>\$1,194,624</u>	<u>\$234,439</u>	<u>\$1,429,063</u>

NOTE 5 - GRANTS RECEIVABLE

Grants receivable consist of the following:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Foundation	\$150,161	\$ -
Government	<u>730,693</u>	<u>578,313</u>
	<u>\$880,854</u>	<u>\$578,313</u>

During the year ended June 30, 2020, the Organization was issued a two-year challenge grant, or a conditional grant, by one Foundation whereby the Foundation will match, dollar for dollar, all new in-hand, non-pledged, net private cash donations (contributions received from ticket and table sales, proceeds from auction items, and fundraising event underwriting will be excluded) up to \$300,000.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 5 - GRANTS RECEIVABLE (Continued)

The Organization recorded \$150,161 in conditional grants earned for the year ended June 30, 2020. No conditional grants were earned during the year ended June 30, 2019.

NOTE 6 - PROMISES RECEIVABLE

Promises receivable consist of the following:

	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>
Due in less than one year	\$208,085	\$343,426
Due in one to five years	<u>20,000</u>	<u>71,000</u>
Total promises receivable	<u>228,085</u>	<u>414,426</u>
Less: Unamortized discount (Current)	(853)	(534)
Less: Unamortized discount (Non-current)	(1,171)	(1,961)
Less: Allowance for doubtful promises	<u>(10,000)</u>	<u>(10,000)</u>
Promises receivable, net	<u>\$216,061</u>	<u>\$401,931</u>

The interest rate used in calculating discounts on the present value of estimated future cash flows ranges between 2.50% and 3.00%.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment comprises the following:

	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>
Office equipment	\$ 17,560	\$ 11,983
Less: accumulated depreciation	<u>(12,355)</u>	<u>(8,093)</u>
Total property and equipment	<u>\$ 5,205</u>	<u>\$ 3,890</u>

NOTE 8 - RISKS AND UNCERTAINTIES

Since January 2020, the coronavirus ("COVID-19") outbreak has caused substantial disruption in international and U.S. economies and markets. The fear of further spread of COVID-19 has caused quarantines, cancellation of events and travel, business and school shutdowns and overall reduction in business and economics activity. On March 11, 2020, the World Health Organization designated COVID-19 as a pandemic. While the Organization did not incur significant disruptions during the year ended June 30, 2020 from COVID-19, the Organization is unable to predict the impact it will have on the financial position, statement of activities and cash flows due to numerous uncertainties. These uncertainties include the severity of the virus and any potential variants, success of vaccination efforts, the duration of the outbreak, impact of the virus on donor behavior and governmental and other actions. The Organization continues to evaluate the potential effect this matter will have on its financial position, statement of activities and cash flows.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 9 - CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents balances at highly rated financial institutions located in Florida. Cash balances are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000. The Organization's uninsured cash balances totaled approximately \$416,500 and \$107,600 at June 30, 2020 and 2019, respectively. The Organization has not experienced losses to its cash and cash equivalents and management believes that it is not exposed to any significant credit risk related to cash accounts.

Endowment investments are subject to both credit and market risks. Credit risk is the possibility that a loss may occur from failure to another party to perform according to the terms of a contract. Market risk is the possibility that fluctuations in the investment market will impact the value of the portfolio. Additionally, due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Organization's investment balances and the amounts reported in the statements of financial position. The Organization utilizes an investment policy and management oversight, which periodically reviews its investment portfolios to monitor these risks. The Organization's Board of Directors periodically reviews the Organization investment strategy options to determine that the appropriate strategy has been selected for the Organization.

NOTE 10 - CONTINGENCIES

Financial awards from federal, state and local government entities in the form of grants are subject to special audits by the respective governmental agencies. Such audits may subject grant programs to compliance tests that may result in disallowed costs. In the opinion of management, future disallowances of grant expenditures, if any, would not have a material adverse effect on the financial condition of the Organization. Accordingly, no provision for any liability that may result has been made in the financial statements.

NOTE 11 - COMMITMENTS

The Organization has made a contractual commitment to a grant writer of \$60,000 for the year ended June 30, 2021.

During 2020, the Organization renewed its annual agreement with a lobbying firm in Florida whereas the firm provides consulting services to the Organization. The term of the contract is effective as of June 1, 2020 and shall remain effective until May 31, 2021. The commitment for the period is \$35,000. As of June 30, 2020, the remaining contractual commitment is approximately \$32,000.

NOTE 12 - ECONOMIC DEPENDENCE

The Organization provides its program services with funds received from federal, state and local governments. A reduction in the level of this funding, if this were to occur, may have a significant effect on the Organization's programs and activities. Revenues received under contracts with governmental entities represented 54% and 56% of the Organization's total support and revenues for the years ended June 30, 2020 and 2019, respectively.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 12 - ECONOMIC DEPENDENCE (Continued)

At June 30, 2020 and 2019, grants receivable from contracts with governmental entities were approximately 83% and 100% of total grants receivable, respectively.

NOTE 13 - LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES

The Organization maintains an informal policy of structuring its financial assets to be available as general expenditures, liabilities and other obligations come due. The Organization considers all expenditures related to its ongoing activities to accomplish its mission as well as the conduct of services undertaken to support those activities to be general expenditures. In addition, the Organization has a line of credit available with borrowing capacity of up to \$1,000,000 to meet cash flow needs.

The Organization's financial assets available within one year as of June 30, 2020 consist of:

Cash and cash equivalents	\$ 644,815
Investment in money market account	212,502
Grants receivables	880,854
Promises Receivable	<u>197,232</u>
Total financial assets available to management for general expenditures within one year	<u>\$1,935,403</u>

Total financial assets are available to pay for operating expenses during the current year. As part of the liquidity plan, the Organization invests excess cash in short-term savings account.

NOTE 14 - RETIREMENT PLAN

Effective December 2008, the Organization established a 403(b) plan where employees are eligible to participate after 90 days of employment and the Organization matches up to three percent of participating employee compensations, but no more than a \$1,000 per year. The Organization made a matching contribution of approximately \$18,000 and \$29,000 for the years ended June 30, 2020 and 2019, respectively.

NOTE 15 - LINE OF CREDIT

On September 6, 2019, the Organization entered into a revolving line of credit agreement with a financial institution, which provides that the Organization may borrow up to \$1,000,000 for working capital purposes. The credit facility is collateralized by a first security interest in all of the Organization's assets.

Borrowings under the line of credit bear interest payable monthly at the weekly London Interbank Offered Rate ("LIBOR") plus 2.69% (2.86% at June 30, 2020 and 5.90% at June 30, 2019). The line of credit matures in September 2022 and is renewable annually under the line of credit agreement. The line of credit contains covenants requiring that the Organization maintain the endowment investments at this financial institution and keep adequate collateral. As of June 30, 2020 and 2019, the Organization was in compliance with its financial covenants.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 16 - PAYCHECK PROTECTION PROGRAM REFUNDABLE ADVANCE

On April 15, 2020, the Organization received a loan of \$613,000 under the Paycheck Protection Program ("PPP") authorized by the Coronavirus Aid, Relief, and Economic Security Act that was signed into law on March 27, 2020. The loan begins accruing interest at a rate of 1.00% on the respective effective dates. The loan matures on April 15, 2022, at which time all unpaid principal and accrued interest is due. Under the PPP, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent, and utility costs and if the Organization retains employees during a specified period. Management is in the process of evaluating if a portion or all of the loan funds will be eligible for forgiveness. The proceeds of the loan are recognized as a refundable advance in accordance with Accounting Standards Codification ("ASC") 958-605 and are included within current liabilities on the accompanying statements of financial position. The proceeds will be recognized as a contribution once forgiveness has been granted and the condition has been explicitly waived.

SUPPLEMENTARY INFORMATION

VOICES FOR CHILDREN FOUNDATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2020

GRANTOR / PROGRAM TITLE	CFDA/ CFSA	CONTRACT/ GRANT NUMBER	EXPENDITURES	TRANSFERS TO SUBRECIPIENTS
<u>FEDERAL GOVERNMENT</u>				
<u>Department of Justice</u>				
Victim Assistance Program	16.575	VOCA-2019-Voices For Children Found- 00454	\$ 1,187,752	\$ -
Victim Assistance Program	16.575	VOCA-2018-Voices For Children Found- 00394	295,640	-
Total – Departmet of Justice			<u>1,483,392</u>	<u>-</u>
<u>STATE OF FLORIDA</u>				
<u>Justice Administration</u>				
Court System Services for Children & Youth/Guardian ad Litem 2019-2020	21.002	GM #20-002	945,656	-
Court System Services for Children & Youth/Guardian ad Litem 2019-2020	21.002	GM #20-003	100,000	-
Total – Justice Administration			<u>1,045,656</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u>\$ 2,529,048</u>	<u>\$ -</u>

See accompanying notes to the schedule of expenditures of federal awards and state financial assistance.

VOICES FOR CHILDREN FOUNDATION, INC.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE**

YEAR ENDED JUNE 30, 2020

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the activity of all federal and state award programs of Voices For Children Foundation, Inc. (the "Organization") for the year ended June 30, 2020. The Federal and the State of Florida grants on the Schedule are included in the statement of activities within the caption "Grants".

The Schedule is presented on the accrual basis of accounting. 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* and the Department of Financial Services Rules, Chapter 69I-5, Florida Administrative Code, *State Financial Assistance*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

NOTE 2 - SCOPE OF AUDIT PURSUANT TO THE FEDERAL AND STATE SINGLE AUDIT ACTS

All federal and state grant operations of the Organization are included in the scope of the Federal Single Audit Act and the State of Florida Single Audit Act. The Federal Single Audit Act was performed in accordance with the provisions of audit requirements of the OMB Compliance Supplement, and the State of Florida Single Audit Act was performed in accordance with the provisions of the *Department of Financial Services' State Projects Compliance Supplement*. Compliance testing of all requirements, as described in the OMB Compliance Supplement and the State Projects Compliance Supplement, was performed for the grants programs noted in the accompanying schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 3 - CONTINGENCY

The grants revenue amount received is subject to audit and adjustment. If any expenditure is disallowed by the grantor agency as a result of such an audit, any claim for the reimbursement to the grantor agency would become a liability of the Organization. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

NOTE 4 - SUB RECIPIENTS

There were no Federal or State awards provided to sub recipients.

NOTE 5 - INDIRECT COST RATE

The Organization has elected to use the de-minimis indirect cost rate (10%) allowed under the Uniform Guidance during the year ended June 30, 2020.

**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 of
Voices For Children Foundation, Inc.

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 Foundation, Inc. (the "Organization"), (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, 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 February 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its 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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pinchasik Yelen Muskat Stein, LLC

Miami, Florida
February 25, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF
THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Directors of
Voices For Children Foundation, Inc.

Report on Compliance for Each Major Federal Program and State Project

We have audited Voices For Children Foundation, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs and state projects for the year ended June 30, 2020. The Organization's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions of its federal awards and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Organization's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. 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; Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.650, Rules of the Auditor General of the State of Florida. Those standards, the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the State of Florida, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, Voices For Children Foundation, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General of the State of Florida, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 or state project 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 or state project 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

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 and Chapter 10.650, Rules of the Auditor General of the State of Florida. Accordingly, this report is not suitable for any other purpose.

Pinchasik Yelen Muskat Stein, LLC

Miami, Florida
February 25, 2021

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL PROGRAMS AND STATE PROJECTS**

VOICES FOR CHILDREN FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL PROGRAMS AND STATE PROJECTS

YEAR ENDED JUNE 30, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses?

yes no
 yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards and State Projects

Type of auditor's report issued on compliance for major federal programs and state projects:

Unmodified

Internal control over major federal programs and state projects:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses?

yes no
 yes none reported

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance or Chapter 10.650, Rules of the Auditor General of The State of Florida?

yes no

VOICES FOR CHILDREN FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL PROGRAMS AND STATE PROJECTS

YEAR ENDED JUNE 30, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS (Continued)

<u>Federal Awarding Agency</u>	<u>CFDA Number</u>	<u>Year</u>
Programs tested as major federal programs included:		
<u>Department of Justice</u>		
Victim Assistance Program	16.575	2018-2019
Victim Assistance Program	16.575	2019-2020
Dollar threshold used to distinguish between Type A and Type B projects:	<u>\$750,000</u>	
Auditee qualified as low-risk auditee pursuant to The Uniform Guidance:	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

<u>State Projects</u>	<u>CFSA Number</u>	<u>Year</u>
Program tested as a major state project:		
Justice Administration		
Court System Services for Children & Youth/Guardian ad Litem	21.002	2019-2020
Dollar threshold used to distinguish between Type A and Type B projects:	<u>\$300,000</u>	

VOICES FOR CHILDREN FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL PROGRAMS AND STATE PROJECTS

YEAR ENDED JUNE 30, 2020

SECTION II - FINANCIAL STATEMENTS FINDINGS

CURRENT YEAR FINDINGS

None

SECTION III – FEDERAL AWARDS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

CURRENT YEAR FINDINGS

None

SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDING

Finding 2019-01: Adherence to the OMB Uniform Guidance, the State of Florida General Standards requirements and the Organization’s internal policies and procedures.

Condition: This finding was a material weakness stating that the Organization did not adhere to the OMB Uniform Guidance, the State of Florida General Standards requirements and the Organization’s internal policies and procedures regarding timely reconciliations and adjustment.

Recommendation: The auditor recommended that the Organization strengthen the level of oversight over financial reporting to ensure strict and timely adherence to established internal control policies and procedures. Management concurred with the recommendation and indicated that the procedures would be implemented.

Current Status: The recommendation was implemented and management hired skilled accountants during the year ended June 30, 2020. This has enabled the organization to adhere to strict and timely internal control policies and procedures, which has resulted in the elimination of the material weakness.

SECTION V - OTHER REPORTING

No management letter was issued for the year ended June 30, 2020 because there were no findings required to be reported.