

VOICES FOR CHILDREN FOUNDATION, INC.

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

JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Organization'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

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Certified Public Accountants and Associates

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 the Organization'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 the Organization'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 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.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022, 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 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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Haller Robbins Epelbaum Misiunas, LLC

Miami, Florida

December 8, 2022

VOICES FOR CHILDREN FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

	June 30, 2022	June 30, 2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,617,140	\$ 528,601
Grants receivable	511,498	841,919
Promises receivable, net of discount of \$282 as of June 30, 2021 and allowance for doubtful promises of \$20,000 as of June 30, 2022 and \$10,000 as of June 30, 2021	57,116	278,549
Prepaid expenses and other assets	<u>104,317</u>	<u>112,515</u>
Total current assets	<u>2,290,071</u>	<u>1,761,584</u>
NON-CURRENT ASSETS		
Endowment investments, at fair value	1,675,532	1,903,776
Promises receivable, net of discount of \$556 as of June 30, 2021	-	9,445
Property and equipment, net	<u>-</u>	<u>4,089</u>
Total non-current assets	<u>1,675,532</u>	<u>1,917,310</u>
Total assets	<u>\$ 3,965,603</u>	<u>\$ 3,678,894</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 117,882	\$ 69,087
Accrued payroll and related expenses	113,395	128,349
Accrued vacation	131,415	139,514
Credit cards payable	11,228	17,964
Paycheck Protection Program loan	-	613,000
Unearned revenue	<u>509,277</u>	<u>384,535</u>
Total liabilities	<u>883,197</u>	<u>1,352,449</u>
COMMITMENTS AND CONTINGENCIES (NOTES 10 AND 11)		
NET ASSETS		
Without donor restrictions	2,372,840	1,591,347
With donor restrictions	<u>709,566</u>	<u>735,098</u>
Total net assets	<u>3,082,406</u>	<u>2,326,445</u>
Total liabilities and net assets	<u>\$ 3,965,603</u>	<u>\$ 3,678,894</u>

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

VOICES FOR CHILDREN FOUNDATION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Net assets without donor restrictions	Net assets with donor restrictions	Total
SUPPORT AND REVENUES			
Grants	\$ 402,500	\$ 2,680,580	\$ 3,083,080
Contributions	432,683	18,238	450,921
Gain on forgiveness of Paycheck Protection Program loan	613,000	-	613,000
Other income	14,865	-	14,865
Investment loss, net of fees	<u>(190,697)</u>	<u>(37,547)</u>	<u>(228,244)</u>
	<u>1,272,351</u>	<u>2,661,271</u>	<u>3,933,622</u>
Special events	965,951	-	965,951
Less: Direct costs	<u>(257,395)</u>	<u>-</u>	<u>(257,395)</u>
	<u>708,556</u>	<u>-</u>	<u>708,556</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>2,686,803</u>	<u>(2,686,803)</u>	<u>-</u>
Total support and revenues	<u>4,667,710</u>	<u>(25,532)</u>	<u>4,642,178</u>
EXPENSES			
PROGRAM SERVICES			
Guardian ad Litem Support	2,708,058		2,708,058
Children's Needs	<u>483,782</u>		<u>483,782</u>
Total program services	<u>3,191,840</u>		<u>3,191,840</u>
SUPPORTING SERVICES			
Fundraising	354,599		354,599
Management and general	<u>339,778</u>		<u>339,778</u>
Total supporting services	<u>694,377</u>		<u>694,377</u>
Total expenses	<u>3,886,217</u>		<u>3,886,217</u>
CHANGE IN NET ASSETS	781,493	(25,532)	755,961
NET ASSETS - BEGINNING	<u>1,591,347</u>	<u>735,098</u>	<u>2,326,445</u>
NET ASSETS - ENDING	<u>\$ 2,372,840</u>	<u>\$ 709,566</u>	<u>\$ 3,082,406</u>

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

VOICES FOR CHILDREN FOUNDATION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Net assets without donor restrictions	Net assets with donor restrictions	Total
SUPPORT AND REVENUES			
Grants	\$ 377,810	\$ 2,591,610	\$ 2,969,420
Contributions	1,041,595	50,290	1,091,885
Investment income, net of fees	336,449	65,899	402,348
Amortization of discounts on promises receivable	1,187	-	1,187
	<u>1,757,041</u>	<u>2,707,799</u>	<u>4,464,840</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>2,817,980</u>	<u>(2,817,980)</u>	<u>-</u>
Total support and revenues	<u>4,575,021</u>	<u>(110,181)</u>	<u>4,464,840</u>
EXPENSES			
PROGRAM SERVICES			
Guardian ad Litem Support	2,844,043		2,844,043
Children's Needs	334,390		334,390
Total program services	<u>3,178,433</u>		<u>3,178,433</u>
SUPPORTING SERVICES			
Fundraising	383,809		383,809
Management and general	457,189		457,189
Total supporting services	<u>840,998</u>		<u>840,998</u>
Total expenses	<u>4,019,431</u>		<u>4,019,431</u>
CHANGE IN NET ASSETS	555,590	(110,181)	445,409
NET ASSETS - BEGINNING	<u>1,035,757</u>	<u>845,279</u>	<u>1,881,036</u>
NET ASSETS - ENDING	<u>\$ 1,591,347</u>	<u>\$ 735,098</u>	<u>\$ 2,326,445</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, 2022

	Program Services		Supporting Services		Total
	Guardian ad Litem Support	Children's Needs	Fundraising	Management and General	
Accounting	\$ 36,175	\$ 6,029	\$ -	\$ 78,379	\$ 120,583
Advertising	1,285	2,876	-	4,818	8,979
Bad debt	-	-	74,685	-	74,685
Bank fees	-	-	-	10,105	10,105
Children's assistance	-	350,971	-	-	350,971
Depreciation	1,227	327	1,390	1,145	4,089
Donor development	6,663	3,098	9,293	3,098	22,152
Grant writer	9,000	3,000	42,000	6,000	60,000
Insurance	19,085	1,287	6,436	6,436	33,244
Interest	-	-	-	54	54
Miscellaneous professional fees	29,675	6,100	10,673	16,786	63,234
Office and administrative	16,611	3,911	16,806	14,551	51,879
Other	2,213	1,569	920	2,181	6,883
Parking	64,542	17	12	10	64,581
Payroll and related costs	2,441,877	92,392	122,581	165,016	2,821,866
Postage	106	43	191	85	425
Recruitment materials	1,654	-	-	-	1,654
Rent	35,732	11,910	41,686	29,776	119,104
Representation consulting	8,771	-	26,314	-	35,085
Telephone	9,934	193	740	486	11,353
Training and support	1,994	-	697	698	3,389
Travel	21,514	59	175	154	21,902
	<u>\$ 2,708,058</u>	<u>\$ 483,782</u>	<u>\$ 354,599</u>	<u>\$ 339,778</u>	<u>\$ 3,886,217</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, 2021

	Program Services		Supporting Services		Total
	Guardian ad Litem Support	Children's Needs	Fundraising	Management and General	
Accounting	\$ 40,925	\$ 6,821	\$ -	\$ 88,670	\$ 136,416
Advertising	364	91	-	1,366	1,821
Bad debt	-	-	50,511	-	50,511
Bank fees	-	-	-	4,182	4,182
Children's assistance	-	204,547	-	-	204,547
Depreciation	335	89	379	313	1,116
Donor development	4,984	3,339	8,971	2,989	20,283
Grant writer	9,000	3,000	42,000	6,000	60,000
Insurance	10,123	1,238	6,190	6,190	23,741
Interest	-	-	-	9,332	9,332
Miscellaneous professional fees	8,227	5,028	9,794	15,811	38,860
Office and administrative	16,743	3,815	17,230	14,910	52,698
Other	1,839	852	1,062	4,658	8,411
Payroll and related costs	2,689,839	95,520	193,567	282,946	3,261,872
Postage	255	102	459	204	1,020
Recruitment materials	9,516	-	-	-	9,516
Rent	22,500	7,500	26,250	18,750	75,000
Representation consulting	8,778	-	26,333	-	35,111
Telephone	13,276	172	602	430	14,480
Training and support	95	2,217	273	273	2,858
Travel	7,244	59	188	165	7,656
	<u>\$ 2,844,043</u>	<u>\$ 334,390</u>	<u>\$ 383,809</u>	<u>\$ 457,189</u>	<u>\$ 4,019,431</u>

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

VOICES FOR CHILDREN FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

	June 30, 2022	June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 755,961	\$ 445,409
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Amortization of discounts on promises receivable	-	(1,187)
Bad debt	74,685	-
Depreciation	4,089	1,116
Gain on forgiveness of Paycheck Protection Program loan	(613,000)	-
Net realized and unrealized (gain) loss on endowment investments	240,460	(390,017)
Changes in operating assets and liabilities:		
Grants receivable	255,736	38,935
Promises receivable	230,878	(70,746)
Prepaid expenses and other assets	8,198	(9,531)
Accounts payable and accrued expenses	48,795	(8,276)
Credit cards payable	(6,736)	15,640
Accrued payroll and related expenses	(14,954)	(38,489)
Accrued vacation	(8,099)	35,580
Unearned revenue	124,742	341,310
Net cash and cash equivalents provided by operating activities	1,100,755	359,744
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of endowment investments	(28,030)	(25,702)
Proceeds from sale of endowment investments	15,814	15,466
Net cash and cash equivalents used in investing activities	(12,216)	(10,236)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on line of credit	-	(465,722)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,088,539	(116,214)
CASH AND CASH EQUIVALENTS - BEGINNING	528,601	644,815
CASH AND CASH EQUIVALENTS - ENDING	\$ 1,617,140	\$ 528,601
<u>SUPPLEMENTAL DISCLOSURE</u>		
In-kind contributions	\$ 150,938	\$ 75,000
Interest paid	\$ 54	\$ 9,332

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

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions, including time restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on endowment investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Expirations of donor restrictions on net assets are reported as reclassifications between the classes of net assets.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Expenses of donor restrictions occur when donor-imposed stipulated purposes have been accomplished and/or the stipulated time period has elapsed.

Statement of Activities

The Organization follows the provisions of Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods or services.

The Organization also follows the provisions of ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08), which provides guidance as to whether the entity should account for a grant (or similar transaction) as a contribution or as an exchange transaction.

Grants Revenue and Grants Receivable

Grants awarded by federal, state and other sponsors, which generally are considered nonexchange transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred or other conditions under the agreements are met. The Organization has elected the simultaneous release policy available under ASU 2018-08, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. Payments received in advance of expenditures are recorded as unearned revenue until expended.

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

Unconditional contributions, including unconditional promises to give, are recognized at fair value in the period the promise is made and increases net assets in the period received. Written promises to give that are scheduled to be received after the statement of financial position date are shown as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the purpose or time restrictions are met.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Promises Receivable (Continued)

Contributions to be received after 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. Amortization of the discount is recorded as additional contribution revenue in the appropriate net asset category.

Conditional promises to give and grants receivable are recognized as revenue when the conditions on which they depend are substantially met.

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.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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. Cash and cash equivalents that are held as part of the investment portfolio purchased with donor-restricted contributions are reported within investments.

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 \$119,000 and \$75,000, for the years ended June 30, 2022 and 2021, respectively.

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.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("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.

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.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2022 and 2021 is approximately \$131,000 and \$140,000, 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).

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.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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, 2022 and 2021, are as follows:

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 361,578	\$ -	\$ -	\$ 361,578
Equity securities	1,123,095	-	-	1,123,095
Fixed income securities	190,859	-	-	190,859
Total investments	<u>\$1,675,532</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,675,532</u>
	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 294,086	\$ -	\$ -	\$ 294,086
Equity securities	1,351,203	-	-	1,351,203
Fixed income securities	258,487	-	-	258,487
Total investments	<u>\$1,903,776</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,903,776</u>

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, credit cards payable, accrued vacation, Paycheck Protection Program loan 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, 2022 and 2021.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising expenses are charged to expense as incurred.

Reclassifications

Certain accounts in the June 30, 2021 financial statements have been reclassified to conform to the June 30, 2022 presentation.

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 December 8, 2022 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>2022</u>	June 30, <u>2021</u>
Advocacy Project	\$ 40,870	\$ 30,997
Children's Needs	560,199	587,433
Empower a Student	8,000	8,000
Foster Family Recruitment Campaign	9,840	9,840
Human Trafficking Project	14,251	14,251
Multi-year promises restricted by time	-	10,000
Other net assets with restrictions to be held in perpetuity	<u>76,406</u>	<u>74,579</u>
	<u>\$709,566</u>	<u>\$735,098</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.

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 \$1,675,532 at June 30, 2022 and consisted of \$1,399,676 of unrestricted funds and \$275,856 of funds restricted by donors. At June 30, 2021, these funds aggregated \$1,903,776 and consisted of \$1,590,372 of unrestricted funds and \$313,404 of funds restricted by donors.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 4 - RESTRICTED FUNDS AND ENDOWMENT INVESTMENTS (Continued)

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.

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.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 4 - RESTRICTED FUNDS AND ENDOWMENT INVESTMENTS (Continued)

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, 2022 and 2021, 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, 2022

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money market funds	\$ 361,578	\$ 361,578	\$ -
Equity securities	545,092	1,123,094	578,002
Fixed income securities	<u>205,576</u>	<u>190,860</u>	<u>(14,716)</u>
	<u>\$1,112,246</u>	<u>\$1,675,532</u>	<u>\$ 563,286</u>

June 30, 2021

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Money market funds	\$ 294,086	\$ 294,086	\$ -
Equity securities	547,599	1,351,203	803,604
Fixed income securities	<u>251,012</u>	<u>258,487</u>	<u>7,475</u>
	<u>\$1,092,697</u>	<u>\$1,903,776</u>	<u>\$811,079</u>

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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, 2022 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$1,590,372</u>	<u>\$313,404</u>	<u>\$1,903,776</u>
Investment return:			
Investment income	23,413	4,617	28,030
Net realized/unrealized losses	<u>(200,903)</u>	<u>(39,558)</u>	<u>(240,461)</u>
Total investment return	<u>(177,490)</u>	<u>(34,941)</u>	<u>(212,407)</u>
Appropriation of endowment assets for expenditure	<u>(13,206)</u>	<u>(2,607)</u>	<u>(15,813)</u>
Withdrawals	<u>(-)</u>	<u>(-)</u>	<u>(-)</u>
Endowment net assets, end of year	<u>\$1,399,676</u>	<u>\$275,856</u>	<u>\$1,675,532</u>

The composition of endowment net assets for these funds and the changes in endowment net assets as of June 30, 2021 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$1,256,001</u>	<u>\$247,522</u>	<u>\$1,503,523</u>
Investment return:			
Investment income	21,471	4,231	25,702
Net realized/unrealized gains	<u>325,820</u>	<u>64,197</u>	<u>390,017</u>
Total investment return	<u>347,291</u>	<u>68,427</u>	<u>415,719</u>
Appropriation of endowment assets for expenditure	<u>(12,920)</u>	<u>(2,546)</u>	<u>(15,466)</u>
Withdrawals	<u>(-)</u>	<u>(-)</u>	<u>(-)</u>
Endowment net assets, end of year	<u>\$1,590,372</u>	<u>\$313,404</u>	<u>\$1,903,776</u>

NOTE 5 - GRANTS RECEIVABLE

Grants receivable consist of the following:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Foundation	\$ -	\$245,161
Government	<u>511,498</u>	<u>596,758</u>
	<u>\$511,498</u>	<u>\$841,919</u>

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 6 - PROMISES RECEIVABLE

Promises receivable consist of the following:

	<u>June 30,</u> <u>2022</u>	<u>June 30,</u> <u>2021</u>
Due in less than one year	\$ 77,116	\$ 88,832
Due in one to five years	<u>-</u>	<u>10,000</u>
Total promises receivable	<u>77,116</u>	<u>298,830</u>
Less: Unamortized discount (Current)	(-)	(282)
Less: Unamortized discount (Non-current)	(-)	(556)
Less: Allowance for doubtful promises	(20,000)	(10,000)
Promises receivable, net	<u>\$ 57,116</u>	<u>\$ 216,061</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>2022</u>	<u>June 30,</u> <u>2021</u>
Office equipment	\$ 17,560	\$ 17,560
Less: accumulated depreciation	(17,560)	(13,471)
Total property and equipment	<u>\$ -</u>	<u>\$ 4,089</u>

NOTE 8 - RISKS AND UNCERTAINTIES

During the year ended June 30, 2021, all of the Organization's fundraising events were cancelled due to the coronavirus.

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 \$1,399,500 and \$319,300 at June 30, 2022 and 2021, 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,

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 9 - CONCENTRATION OF CREDIT RISK (Continued)

which periodically reviews its investment portfolios to monitor these risks. The Organization's Board of Directors periodically reviews the investment strategy options to determine that the appropriate strategy has been selected for the Organization.

NOTE 10 - COMMITMENTS

The Organization has made a contractual commitment to a grant writer of \$72,500 for the year ended June 30, 2023.

During 2022, 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, 2022 and shall remain effective until May 31, 2023. The commitment for the period is \$35,000.

NOTE 11 - 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 12 - ECONOMIC DEPENDENCE

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.

Additionally, 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 52% and 58% of the Organization's total support and revenues for the years ended June 30, 2022 and 2021, respectively.

At June 30, 2022 and June 30, 2021, grants receivable from contracts with governmental entities were approximately 100% and 71%, 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 its cash flow needs.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 13 - LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES (Continued)

The Organization's financial assets available within one year as of June 30, 2022 consist of:

Cash and cash equivalents	\$ 1,617,140
Investment in money market account	361,578
Grants receivables	511,498
Promises Receivable	<u>57,116</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 2,547,332</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 compensation, but no more than a \$1,000 per year. The Organization made a matching contribution of approximately \$19,000 and \$24,000 for the years ended June 30, 2022 and 2021, 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% (3.69% at June 30, 2022 and 2.79% at June 30, 2021). The line of credit matures in September 2023 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, 2022 and 2021, the Organization was in compliance with its financial covenants.

NOTE 16 - PAYCHECK PROTECTION PROGRAM LOAN

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. The Organization used the full loan amount for qualifying expenses, and the loan was forgiven in full in November 2021 and reclassified as Gain on forgiveness of PPP loan in the accompanying statement of activities for the year ended June 30, 2022.

SUPPLEMENTARY INFORMATION

VOICES FOR CHILDREN FOUNDATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2022

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-2020-Voices For Children Found- 00767	\$ 322,515	\$ -
Victim Assistance Program	16.575	VOCA-2021-Voices For Children Found- 00761	990,768	-
Total – Departmet of Justice			<u>1,313,283</u>	<u>-</u>
<u>STATE OF FLORIDA</u>				
<u>Justice Administration</u>				
Court System Services for Children & Youth/Guardian ad Litem 2021-2022	21.002	GM #22-002	945,656	-
Court System Services for Children & Youth/Guardian ad Litem 2021-2022	21.002	GM #22-003	100,000	-
Total – Justice Administration			<u>1,045,656</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u>\$ 2,358,939</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, 2022

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, 2022. 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, 2022.

**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, 2022, 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 December 8, 2022.

Report on 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.

Report on 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.

Haller Robbins Epelbaum Misiunas, LLC

Miami, Florida

December 8, 2022

**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

Opinion on 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 identified as subject to audit in the *OMB Compliance Supplement*, and the requirements identified 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, 2022. 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.

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, 2022.

Basis of Opinion on Each Major Federal Program and State Project

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) and Chapter 10.650, Rules of the Auditor General of the State of Florida. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 each major federal program. Our audit does not provide a legal determination of the Organization'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 the Organization's federal programs and state projects.

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 the Organization'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*, the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the State of Florida 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 the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the State of Florida, 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 the Organization'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 the Organization'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 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 the Organization'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 of 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.

HALLER ROBBINS EPELBAUM MISIUNAS, LLC

Certified Public Accountants and Associates

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.

Haller Robbins Epelbaum Misiunas, LLC

Miami, Florida

December 8, 2022

**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, 2022

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	2020-2021
Victim Assistance Program	16.575	2021-2022
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:	<u>X</u> yes	<u> </u> 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	2021-2022
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, 2022

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

CURRENT YEAR FINDINGS

None

SECTION V - OTHER REPORTING

No management letter was issued for the year ended June 30, 2022 because there were no findings required to be reported.