

VOICES FOR CHILDREN FOUNDATION, INC.

**FINANCIAL STATEMENTS AND REPORTS
ON COMPLIANCE AND ON INTERNAL CONTROL**

JUNE 30, 2018 AND 2017

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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 non-profit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, 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, 2018 and 2017, 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, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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, 2019

VOICES FOR CHILDREN FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 500,540	\$ 198,942
Grants receivable	745,557	763,085
Promises receivable, net of discount of \$519 and \$441 as of June 30, 2018 and 2017, respectively, and allowance for doubtful promises of \$10,000 and \$3,500 as of June 30, 2018 and 2017, respectively	78,625	42,756
Prepaid expenses and other assets	<u>58,510</u>	<u>62,944</u>
Total current assets	<u>1,383,232</u>	<u>1,067,727</u>
NON-CURRENT ASSETS		
Endowment investments	1,412,106	1,358,588
Promises receivable, net of discounts of \$1,680 and \$1,777 in 2018 and 2017, respectively	88,979	25,223
Property and equipment, net	<u>5,305</u>	<u>6,720</u>
Total non-current assets	<u>1,506,390</u>	<u>1,390,531</u>
Total assets	<u>\$ 2,889,622</u>	<u>\$ 2,458,258</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 73,649	\$ 52,554
Accrued payroll	255,482	226,057
Accrued vacation	116,853	88,250
Line of credit	267,752	252,356
Unearned revenue	<u>80,000</u>	<u>-</u>
Total current liabilities	<u>793,736</u>	<u>619,217</u>
NET ASSETS		
Unrestricted	1,122,124	1,013,213
Temporarily restricted	741,928	605,500
Permanently restricted	<u>231,834</u>	<u>220,328</u>
Total net assets	<u>2,095,886</u>	<u>1,839,041</u>
Total liabilities and net assets	<u>\$ 2,889,622</u>	<u>\$ 2,458,258</u>

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

VOICES FOR CHILDREN FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES				
Grants	\$ -	\$ 2,795,173	\$ -	\$ 2,795,173
Contributions	725,650	292,975	-	1,018,625
Investment income	108,491	-	24,164	132,655
Amortization of discounts on promises receivable	-	19	-	19
	<u>834,141</u>	<u>3,088,167</u>	<u>24,164</u>	<u>3,946,472</u>
Special events	673,562	-	-	673,562
Special events in-kind	140,965	-	-	140,965
Less: Direct costs	(304,350)	-	-	(304,350)
Direct costs in-kind	<u>(140,965)</u>	<u>-</u>	<u>-</u>	<u>(140,965)</u>
	<u>369,212</u>	<u>-</u>	<u>-</u>	<u>369,212</u>
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>2,964,397</u>	<u>(2,951,739)</u>	<u>(12,658)</u>	<u>-</u>
Total support and revenues	<u>4,167,750</u>	<u>136,428</u>	<u>11,506</u>	<u>4,315,684</u>
EXPENSES				
PROGRAM SERVICES				
Guardian ad Litem Support	2,785,973			2,785,973
Children's Needs	<u>573,304</u>			<u>573,304</u>
Total program services	<u>3,359,277</u>			<u>3,359,277</u>
SUPPORTING SERVICES				
Fundraising	272,867			272,867
Management and general	<u>426,695</u>			<u>426,695</u>
Total supporting services	<u>699,562</u>			<u>699,562</u>
Total expenses	<u>4,058,839</u>			<u>4,058,839</u>
CHANGE IN NET ASSETS	108,911	136,428	11,506	256,845
NET ASSETS - BEGINNING	<u>1,013,213</u>	<u>605,500</u>	<u>220,328</u>	<u>1,839,041</u>
NET ASSETS - ENDING	<u>\$ 1,122,124</u>	<u>\$ 741,928</u>	<u>\$ 231,834</u>	<u>\$ 2,095,886</u>

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

VOICES FOR CHILDREN FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES				
Grants	\$ -	\$ 2,010,246	\$ -	\$ 2,010,246
Contributions	572,624	155,181	-	727,805
Investment income	131,824	-	29,633	161,457
Amortization of discounts on promises receivable	-	379	-	379
	<u>704,448</u>	<u>2,165,806</u>	<u>29,633</u>	<u>2,899,887</u>
Special events	804,844	-	-	804,844
Special events in-kind	231,057	-	-	231,057
Less: Direct costs	(339,397)	-	-	(339,397)
Direct costs in-kind	<u>(231,057)</u>	<u>-</u>	<u>-</u>	<u>(231,057)</u>
	<u>465,447</u>	<u>-</u>	<u>-</u>	<u>465,447</u>
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>2,052,789</u>	<u>(2,040,648)</u>	<u>(12,141)</u>	<u>-</u>
Total support and revenues	<u>3,222,684</u>	<u>125,158</u>	<u>17,492</u>	<u>3,365,334</u>
EXPENSES				
PROGRAM SERVICES				
Guardian ad Litem Support	2,248,894			2,248,894
Children's Needs	510,927			510,927
Total program services	<u>2,759,821</u>			<u>2,759,821</u>
SUPPORTING SERVICES				
Fundraising	258,114			258,114
Management and general	461,530			461,530
Total supporting services	<u>719,644</u>			<u>719,644</u>
Total expenses	<u>3,479,465</u>			<u>3,479,465</u>
CHANGE IN NET ASSETS	(256,781)	125,158	17,492	(114,131)
NET ASSETS - BEGINNING	<u>1,269,994</u>	<u>480,342</u>	<u>202,836</u>	<u>1,953,172</u>
NET ASSETS - ENDING	<u>\$ 1,013,213</u>	<u>\$ 605,500</u>	<u>\$ 220,328</u>	<u>\$ 1,839,041</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, 2018

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Guardian ad Litem Support</u>	<u>Children's Needs</u>	<u>Fundraising</u>	<u>Management and General</u>	
Accounting	\$ 7,725	\$ 1,288	\$ -	\$ 16,738	\$ 25,751
Advertising and marketing	3,113	757	-	11,443	15,313
Bad debt	-	-	-	6,500	6,500
Bank charges and investment fees	-	5,025	-	23,759	28,784
Children's assistance	-	392,241	-	-	392,241
Depreciation	425	113	481	396	1,415
Donor development	9,651	5,790	17,371	5,790	38,602
Grant writer	9,022	3,007	42,102	6,015	60,146
Grants to others	-	12,667	-	-	12,667
Insurance	40,307	1,866	9,329	9,329	60,831
Interest	-	-	-	15,396	15,396
Miscellaneous professional fees	17,208	3,970	7,183	14,077	42,438
Office and administrative	14,678	2,140	10,300	9,276	36,394
Other	16,321	283	2,623	2,411	21,638
Parking	63,260	446	1,894	1,560	67,160
Payroll and related costs	2,398,302	134,216	122,894	277,608	2,933,020
Postage	794	318	1,429	635	3,176
Recruitment materials	61,694	-	-	-	61,694
Rent	24,182	8,060	28,211	20,151	80,604
Representation consulting	7,627	-	22,880	-	30,507
Telephone	549	183	640	457	1,829
Training and support	20,464	-	2,538	2,538	25,540
Travel	90,651	934	2,992	2,616	97,193
	<u>\$ 2,785,973</u>	<u>\$ 573,304</u>	<u>\$ 272,867</u>	<u>\$ 426,695</u>	<u>\$ 4,058,839</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, 2017

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Guardian ad Litem Support</u>	<u>Children's Needs</u>	<u>Fundraising</u>	<u>Management and General</u>	
Accounting	\$ 7,200	\$ 1,200	\$ -	\$ 15,600	\$ 24,000
Advertising and marketing	9,978	2,494	-	37,417	49,889
Bank charges and investment fees	-	5,078	-	25,505	30,583
Children's assistance	-	253,242	-	-	253,242
Depreciation	488	130	554	456	1,628
Donor development	7,602	4,561	13,684	4,562	30,409
Grant writer	9,000	3,000	42,000	6,000	60,000
Insurance	30,809	1,512	7,562	7,562	47,445
Interest	-	-	-	8,496	8,496
Miscellaneous professional fees	22,455	4,587	8,151	10,569	45,762
Office and administrative	16,446	1,480	10,863	10,176	38,965
Other	34,435	5,121	1,047	30,181	70,784
Parking	62,874	297	1,263	1,040	65,474
Payroll and related costs	1,794,301	176,204	117,144	279,656	2,367,305
Postage	610	244	1,098	488	2,440
Recruitment materials	79,088	-	-	-	79,088
Rent	24,182	8,060	28,211	20,151	80,604
Representation consulting	7,521	-	22,564	-	30,085
Telephone	546	183	637	455	1,821
Training and support	63,341	43,000	2,374	2,374	111,089
Travel	78,018	534	962	842	80,356
	<u>\$ 2,248,894</u>	<u>\$ 510,927</u>	<u>\$ 258,114</u>	<u>\$ 461,530</u>	<u>\$ 3,479,465</u>

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

VOICES FOR CHILDREN FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

	June 30, 2018	June 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 256,845	\$ (114,131)
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	(19)	(379)
Bad debt	6,500	-
Depreciation	1,415	1,628
Loss on disposition of property and equipment	-	83
Net realized and unrealized gain on endowment investments	(101,621)	(128,304)
Changes in operating assets and liabilities:		
Grants receivable	17,528	(182,235)
Promises receivable	(106,106)	52,594
Prepaid expenses and other assets	4,434	(18,601)
Accounts payable	21,095	21,268
Accrued payroll	29,425	170,795
Accrued vacation	28,603	11,071
Unearned revenue	80,000	-
Net cash and cash equivalents provided by (used in) operating activities	238,099	(186,211)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(7,074)
Purchase of endowment investments	(258,996)	(159,641)
Proceeds from sale of endowment investments	307,099	202,833
Net cash and cash equivalents provided by investing activities	48,103	36,118
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	420,396	908,496
Repayments on line of credit	(405,000)	(656,140)
Net cash and cash equivalents provided by financing activities	15,396	252,356
NET INCREASE IN CASH AND CASH EQUIVALENTS	301,598	102,263
CASH AND CASH EQUIVALENTS - BEGINNING	198,942	96,679
CASH AND CASH EQUIVALENTS - ENDING	\$ 500,540	\$ 198,942
<u>SUPPLEMENTAL DISCLOSURE</u>		
In-kind contributions	\$ 240,447	\$ 409,846
Interest paid	\$ 15,396	\$ 8,496

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

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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

Basis of 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").

The Financial Accounting Standards Board ("FASB") implemented the Accounting Standards Codification ("ASC") which establishes FASB ASC as the source of authoritative U.S. accounting and external financial reporting standards for non-governmental entities.

The accompanying financial statements are presented in accordance with FASB ASC Topic 958 which establishes standards for financial reporting for non-profit organizations. Net assets, support and revenues and gains and losses are classified into three classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted

Unrestricted net assets include all net assets, which are neither temporarily or permanently restricted and are free of donor-imposed stipulations.

Temporarily Restricted

Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled or otherwise removed by actions of the Organization pursuant to those stipulations.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Temporarily Restricted (Continued)

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted

Net assets that must be maintained by the Organization in perpetuity and whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

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 the 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

Grant revenue is recognized when the grant funds have been expended in accordance with the grant provisions. Upon completion or expiration of a grant, unexpended funds are not available to the Organization. The Organization is dependent upon public and governmental support for its operation. The amounts received under these grants and contracts are designated for specific purposes by the granting agencies. The amount and timeliness in which the support from fundraising events and governmental agencies are collected is essential to meet the normal cash flow needs of the Organization.

Amounts reflected as grants receivable represents the difference between the net realizable value of the grants less cash receipts.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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.

The Organization maintains an allowance for doubtful accounts and for estimated losses resulting from inability of its donors to make required payments. An allowance for uncollectable 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 for the years ended June 30, 2018 and 2017.

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, 2018 AND 2017

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 FASB ASC 958, *Investments - Debt and Equity Securities Held by Not-for-Profit Organizations*. Restrictions on investment earnings are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which earnings are recognized. Investment income consists of interest and dividend income and net realized and unrealized gains and losses. Market risk is inherent and is dependent on the future changes in market prices of the various investments held.

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. Donated property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Property and equipment donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Property and equipment is depreciated using the straight-line method over the estimated useful life of the assets, ranging from three to seven years. Upon the sale or disposition, the related costs and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the statement of activities.

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.

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.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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, 2018 and 2017 is approximately \$117,000 and \$88,000, 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 factors such as time spent or space utilized.

Fair Value Measurements

In accordance with GAAP, the Organization defines fair value as the price that would be received to sell an asset or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the use of the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about the assumptions that the market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- 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.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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 following table sets forth by level, within the fair value hierarchy, the Organization's endowment investments at fair value:

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 194,915	\$ -	\$ -	\$ 194,915
Equity securities	869,427	-	-	869,427
Fixed income securities	<u>347,764</u>	-	-	<u>347,764</u>
Total investments	<u>\$1,412,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,412,106</u>

	June 30, 2017			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 55,751	\$ -	\$ -	\$ 55,751
Equity securities	888,807	-	-	888,807
Fixed income securities	<u>414,030</u>	-	-	<u>414,030</u>
Total investments	<u>\$1,358,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,358,588</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:

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Cash and cash equivalents, grants receivable, prepaid expenses and other assets, accounts payable, accrued payroll, accrued vacation, 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, 2018 and 2017.

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, 2019 the date which the financial statements were available to be issued.

NOTE 3 - RESTRICTIONS ON NET ASSETS

Unrestricted net assets include funds subject to self-imposed limits established by the Board of Directors. The self-imposed amounts are included as unrestricted net assets in the statements of financial position. Temporarily restricted net assets consist of cash, grants receivable and promises receivable and are available for the following purposes:

	June 30, <u>2018</u>	June 30, <u>2017</u>
Advocacy Project	\$ 82,500	\$ 75,294
Awareness Campaign	-	5,000
Children's Needs	414,764	301,081
Criminal Court Project	3,263	6,197
Human Trafficking Project	15,557	-
It Takes A Village	75,397	149,011
Multi-year promises restricted by time	88,799	32,379
Transitioning Youth Project	<u>61,648</u>	<u>36,538</u>
	<u>\$741,928</u>	<u>\$605,500</u>

Permanently restricted net assets consist of endowment investments and are described in Note 4.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 4 - RESTRICTED FUNDS AND ENDOWMENT INVESTMENTS

The Organization's endowment consists of individual funds reported as unrestricted net assets and permanently restricted net assets 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 \$1,412,106 at June 30, 2018 and consisted of \$1,180,272 of unrestricted funds and \$231,834 of funds permanently restricted by donors. At June 30, 2017, these funds aggregated \$1,358,588 and consisted of \$1,138,260 of unrestricted funds and \$220,328 of funds permanently 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 State Prudent Management of Institutional Funds Act (SPMIFA) and disclosures about an organization's endowment funds, whether or not the organization is subject to the Act.

The Organization has interpreted SPMIFA 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 permanently restricted net assets (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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, 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

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 4 - RESTRICTED FUNDS AND ENDOWMENT INVESTMENTS (Continued)

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.

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, 2018 and 2017, the Organization has elected not to add appreciation for cost of living or other spending policies to its permanently restricted endowment for inflation or other economic conditions.

Income (loss) from the funds is reflected as an increase (decrease) in unrestricted and permanently restricted fund balances in accordance with donor imposed restrictions.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 4 - RESTRICTED FUNDS AND ENDOWMENT INVESTMENTS (Continued)

The funds are maintained with a private investment institution. Investments are stated at fair value and consisted of the following:

June 30, 2018

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money market funds	\$ 194,915	\$ 194,915	\$ -
Equity securities	524,355	869,427	345,072
Fixed income securities	<u>363,914</u>	<u>347,764</u>	<u>(16,150)</u>
	<u>\$1,083,184</u>	<u>\$1,412,106</u>	<u>\$328,922</u>

June 30, 2017

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money market funds	\$ 55,751	\$ 55,751	\$ -
Equity securities	565,505	888,807	323,302
Fixed income securities	<u>416,544</u>	<u>414,030</u>	<u>(2,514)</u>
	<u>\$1,037,800</u>	<u>\$1,358,588</u>	<u>\$320,788</u>

The composition of endowment net assets for these funds and the changes in endowment net assets as of June 30, 2018 are as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$1,138,260</u>	<u>\$220,328</u>	<u>\$1,358,588</u>
Investment return:			
Investment income	21,409	3,972	25,381
Net realized/unrealized gain	<u>81,429</u>	<u>20,192</u>	<u>101,621</u>
Total investment return	<u>102,838</u>	<u>24,164</u>	<u>127,002</u>
Appropriation of endowment assets for expenditure	<u>(8,748)</u>	<u>(2,038)</u>	<u>(10,786)</u>
Withdrawals	<u>(52,078)</u>	<u>(10,620)</u>	<u>(62,698)</u>
Endowment net assets, end of year	<u>\$1,180,272</u>	<u>\$231,834</u>	<u>\$1,412,106</u>

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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, 2017 are as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$1,070,640	\$202,836	\$1,273,476
Investment return:			
Investment income	23,666	4,041	27,707
Net realized/unrealized gain	<u>102,712</u>	<u>25,592</u>	<u>128,304</u>
Total investment return	<u>126,378</u>	<u>29,633</u>	<u>156,011</u>
Appropriation of endowment assets for expenditure	(8,839)	(2,060)	(10,899)
Withdrawals	<u>(49,919)</u>	<u>(10,081)</u>	<u>(60,000)</u>
Endowment net assets, end of year	<u>\$1,138,260</u>	<u>\$220,328</u>	<u>\$1,358,588</u>

NOTE 5 - GRANTS RECEIVABLE

Grants receivable consist of the following:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Foundations	\$304,000	\$203,410
Government	<u>441,557</u>	<u>559,675</u>
	<u>\$745,557</u>	<u>\$763,085</u>

During the year ended June 30, 2017, 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. The Organization recorded \$298,590 and \$1,410 in conditional grants earned for the years ended June 30, 2018 and 2017, respectively.

NOTE 6 - PROMISES RECEIVABLE

Promises receivable consist of the following:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Due in less than one year	\$89,182	\$ 46,697
Due in one to five years	<u>91,000</u>	<u>27,000</u>
Total promises receivable	<u>180,182</u>	<u>73,697</u>
Less: Unamortized Discount (Current)	(557)	(441)
Less: Unamortized Discount (Non-current)	(2,021)	(1,777)
Less: Allowance for doubtful promises	<u>(10,000)</u>	<u>(3,500)</u>
Promises receivable, net	<u>\$ 167,604</u>	<u>\$ 67,979</u>

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 6 - PROMISES RECEIVABLE (Continued)

The interest rate used in calculating discounts on the present value of estimated future cash flows ranges between 2.91% and 3.42%.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment comprises the following:

	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>
Office equipment	\$ 11,983	\$ 11,983
Less: accumulated depreciation	<u>(6,678)</u>	<u>(5,263)</u>
Total property and equipment	<u>\$ 5,305</u>	<u>\$ 6,720</u>

NOTE 8 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalent 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 \$339,000 and \$3,000 at June 30, 2018 and 2017, 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.

NOTE 9 - 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. The possible disallowance by the governmental agencies of any item charged to the program or request for the return of any unexpended funds cannot be determined at this time. Accordingly, no provision for any liability that may result has been made in the financial statements.

NOTE 10 - COMMITMENTS

The Organization has made a contractual commitment to a grant writer of \$60,000 for the year ended June 30, 2019.

During 2018, the Organization entered into an 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, 2018 and shall remain effective until May 31, 2019. The commitment for the period is \$35,000. As of June 30, 2018, the remaining contractual commitment is \$32,083.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 11 - 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 73% and 46% of the Organization's total support and revenues for the years ended June 30, 2018 and 2017, respectively.

At June 30, 2018 and 2017, grants receivable from contracts with governmental entities were approximately 59% and 73% of total grants receivable, respectively.

NOTE 12 - 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 \$13,000 and \$14,000 for the years ended June 30, 2018 and 2017, respectively.

NOTE 13 - LINE OF CREDIT

On October 20, 2015, the Organization entered into a revolving line of credit agreement with a financial institution, which provides that the Organization may borrow up to \$931,000 for working capital purposes. Borrowings under the line of credit bear interest payable monthly at the weekly London Interbank Offered Rate plus 3.50% (5.60% at June 30, 2018 and 4.72% at June 30, 2017), and are secured by all of the Organization's investments. The line of credit matures in October 2019 and is renewable annually under the line of credit agreement.

SUPPLEMENTARY INFORMATION

VOICES FOR CHILDREN FOUNDATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2018

GRANTOR / PROGRAM TITLE	CFDA/ CFSA	CONTRACT/ GRANT NUMBER	EXPENDITURES	TRANSFERS TO SUBRECIPIENTS
<u>FEDERAL GOVERNMENT</u>				
<u>Department of Justice</u>				
Victims Assistance Program	16.575	VOCA-2017-Voices For Found-00208	\$ 796,843	\$ -
Victims Assistance Program	16.575	VOCA-2016-Voices For Found-00907	152,815	-
Total – Departmet of Justice			949,658	-
<u>STATE OF FLORIDA</u>				
<u>Justice Administration</u>				
Court System Services for Children & Youth/Guardian Ad Litem 2017-2018	21.002	GM #18-002	945,656	-
Court System Services for Children & Youth/Guardian Ad Litem 2017-2018	21.002	GM #18-003	100,000	-
Total – Justice Administration			1,045,656	-
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			\$ 1,995,314	\$ -

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, 2018

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, 2018. 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 State of Florida Rules of the Auditor General Chapter 10.650, *State Single Audits of Non-Profit and For-Profit Organizations*. 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 - INDIRECT COST RATE

The Organization has elected to use the de minimis cost rate (10%) allowed under the Uniform Guidance during the year ended June 30, 2018.

**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, 2018, 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, 2019.

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 of 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, 2019

**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 the 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, 2018. 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 applicable to its federal programs 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 the 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 identified in the summary of auditor's results section in the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses 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, 2019

**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, 2018

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? __ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? __ yes X none reported

Noncompliance material to financial statements noted? __ yes X 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? __ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? __ yes X 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 X no

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

YEAR ENDED JUNE 30, 2018

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>		
Victims Assistance Program	16.575	2016-2017
Victims Assistance Program	16.575	2017-2018
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	2017-2018
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, 2018

SECTION II - FINANCIAL STATEMENTS FINDINGS

REPORTABLE CONDITIONS

No matters were noted that are required to be reported.

SECTION III - FINDINGS AND QUESTIONED COSTS -
FEDERAL PROGRAMS AND STATE PROJECTS

REPORTABLE CONDITIONS

No matters were noted that are required to be reported.

SECTION IV - OTHER REPORTING

1. No Summary Schedule of Prior Audit Findings is presented because there were no matters to be reported.
2. No Corrective Action Plan is presented because there were no findings required to be reported under the Florida Single Audit Act.
3. There was no management letter or control deficiency letter issued for the year ended June 30, 2018, and there were no matters required to be reported in these letters.