

**VOICES FOR CHILDREN FOUNDATION, INC.**

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

**JUNE 30, 2016 AND 2015**

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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, 2016 and 2015, 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, 2016 and 2015, 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 state financial assistance, as required by 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 March 20, 2017, 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  
March 20, 2017

**VOICES FOR CHILDREN FOUNDATION, INC.**

**STATEMENTS OF FINANCIAL POSITION**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 96,679	\$ 314,233
Grants receivable	580,850	366,854
Promises receivable, net of discount of \$962 and \$1,608 as of June 30, 2016 and 2015, respectively, and allowance for doubtful promises of \$3,500 as of June 30, 2016 and 2015	94,329	49,625
Prepaid expenses and other assets	<u>44,343</u>	<u>51,120</u>
Total current assets	<u>816,201</u>	<u>781,832</u>
<b>NON-CURRENT ASSETS</b>		
Endowment investments	1,273,476	1,351,584
Promises receivable, net of discounts of \$1,635 and \$1,870 in 2016 and 2015, respectively	25,865	72,130
Property and equipment, net	<u>1,357</u>	<u>4,347</u>
Total non-current assets	<u>1,300,698</u>	<u>1,428,061</u>
Total assets	<u>\$ 2,116,899</u>	<u>\$ 2,209,893</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 31,286	\$ 66,960
Accrued payroll	55,262	42,666
Accrued vacation	<u>77,179</u>	<u>64,272</u>
Total current liabilities	<u>163,727</u>	<u>173,898</u>
<b>NET ASSETS</b>		
Unrestricted	199,354	303,946
Unrestricted - board-designated endowment	<u>1,070,640</u>	<u>1,135,471</u>
Total unrestricted net assets	<u>1,269,994</u>	<u>1,439,417</u>
Temporarily restricted	480,342	380,465
Permanently restricted	<u>202,836</u>	<u>216,113</u>
Total net assets	<u>1,953,172</u>	<u>2,035,995</u>
Total liabilities and net assets	<u>\$ 2,116,899</u>	<u>\$ 2,209,893</u>

See accompanying notes to financial statements.

**VOICES FOR CHILDREN FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2016

	Unrestricted	Unrestricted - Board- Designated Endowment	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUES</b>					
Grants	\$ -	\$ -	\$ 1,485,162	\$ -	\$ 1,485,162
Contributions	420,819	-	158,808	-	579,627
Investment income	3,419	(5,881)	-	(1,308)	(3,770)
Amortization of discounts on promises receivable	-	-	881	-	881
	<u>424,238</u>	<u>(5,881)</u>	<u>1,644,851</u>	<u>(1,308)</u>	<u>2,061,900</u>
Special events	821,094	-	-	-	821,094
Special events in-kind	310,104	-	-	-	310,104
Less: Direct costs	(327,037)	-	-	-	(327,037)
Direct costs in-kind	<u>(310,104)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(310,104)</u>
	<u>494,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>494,057</u>
Net assets released from restrictions:					
Satisfaction of program restrictions	<u>1,615,893</u>	<u>(58,950)</u>	<u>(1,544,974)</u>	<u>(11,969)</u>	<u>-</u>
Total support and revenues	<u>2,534,188</u>	<u>(64,831)</u>	<u>99,877</u>	<u>(13,277)</u>	<u>2,555,957</u>
<b>EXPENSES</b>					
<b>PROGRAM SERVICES</b>					
Guardian ad Litem Support	1,619,265				1,619,265
Children's Needs	469,971				469,971
Total program services	<u>2,089,236</u>				<u>2,089,236</u>
<b>SUPPORTING SERVICES</b>					
Fundraising	216,732				216,732
Management and general	332,812				332,812
Total supporting services	<u>549,544</u>				<u>549,544</u>
Total expenses	<u>2,638,780</u>				<u>2,638,780</u>
<b>CHANGE IN NET ASSETS</b>	(104,592)	(64,831)	99,877	(13,277)	(82,823)
<b>NET ASSETS - BEGINNING</b>	<u>303,946</u>	<u>1,135,471</u>	<u>380,465</u>	<u>216,113</u>	<u>2,035,995</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 199,354</u>	<u>\$ 1,070,640</u>	<u>\$ 480,342</u>	<u>\$ 202,836</u>	<u>\$ 1,953,172</u>

See accompanying notes to financial statements.

**VOICES FOR CHILDREN FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2015

	Unrestricted	Unrestricted - Board- Designated Endowment	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUES</b>					
Grants	\$ -	\$ -	\$ 1,541,437	\$ -	\$ 1,541,437
Contributions	574,059	-	34,948	-	609,007
Investment income	3,339	66,655	-	9,334	79,328
Amortization of discounts on promises receivable	-	-	1,527	-	1,527
	<u>577,398</u>	<u>66,655</u>	<u>1,577,912</u>	<u>9,334</u>	<u>2,231,299</u>
Special events	779,780	-	-	-	779,780
Special events in-kind	201,440	-	-	-	201,440
Less: Direct costs	(341,908)	-	-	-	(341,908)
Direct costs in-kind	<u>(201,440)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(201,440)</u>
	<u>437,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,872</u>
Net assets released from restrictions:					
Satisfaction of program restrictions	<u>1,870,876</u>	<u>(70,227)</u>	<u>(1,798,779)</u>	<u>(1,870)</u>	<u>-</u>
Total support and revenues	<u>2,886,146</u>	<u>(3,572)</u>	<u>(220,867)</u>	<u>7,464</u>	<u>2,669,171</u>
<b>EXPENSES</b>					
<b>PROGRAM SERVICES</b>					
Guardian ad Litem Support	1,504,838				1,504,838
Children's Needs	<u>537,546</u>				<u>537,546</u>
Total program services	<u>2,042,384</u>				<u>2,042,384</u>
<b>SUPPORTING SERVICES</b>					
Fundraising	256,272				256,272
Management and general	<u>339,805</u>				<u>339,805</u>
Total supporting services	<u>596,077</u>				<u>596,077</u>
Total expenses	<u>2,638,461</u>				<u>2,638,461</u>
<b>CHANGE IN NET ASSETS</b>	247,685	(3,572)	(220,867)	7,464	30,710
<b>NET ASSETS - BEGINNING</b>	<u>56,261</u>	<u>1,139,043</u>	<u>601,332</u>	<u>208,649</u>	<u>2,005,285</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 303,946</u>	<u>\$ 1,135,471</u>	<u>\$ 380,465</u>	<u>\$ 216,113</u>	<u>\$ 2,035,995</u>

See accompanying notes to financial statements.

**VOICES FOR CHILDREN FOUNDATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2016

	<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	\$ 7,124	\$ 1,187	\$ -	\$ 15,436	\$ 23,747
Advertising and marketing	5,422	1,355	-	20,328	27,105
Bad debt expense	-	-	-	29,100	29,100
Bank charges and investment fees	-	6,117	-	20,141	26,258
Children's assistance	-	304,275	-	-	304,275
Depreciation	897	239	1,017	837	2,990
Donor development	6,387	3,832	11,496	3,832	25,547
Grant writer	9,000	3,000	42,000	6,000	60,000
Insurance	30,039	1,520	7,598	7,598	46,755
Interest expense	-	-	-	1,591	1,591
Miscellaneous professional fees	10,550	3,859	6,025	4,639	25,073
Office and administrative	15,601	1,544	8,311	7,569	33,025
Other	19,825	181	1,374	1,473	22,853
Parking	56,761	568	2,415	1,989	61,733
Payroll and related costs	1,272,671	131,193	78,525	186,496	1,668,885
Postage	873	345	1,553	690	3,461
Recruitment materials	61,534	-	-	-	61,534
Rent	24,186	8,060	28,211	20,151	80,608
Representation consulting	7,516	-	22,549	-	30,065
Telephone	1,717	572	2,003	1,431	5,723
Training and support	20,483	-	2,498	2,499	25,480
Travel	68,679	2,124	1,157	1,012	72,972
	<u>\$ 1,619,265</u>	<u>\$ 469,971</u>	<u>\$ 216,732</u>	<u>\$ 332,812</u>	<u>\$ 2,638,780</u>

See accompanying notes to financial statements.

**VOICES FOR CHILDREN FOUNDATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2015

	<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	\$ 7,048	\$ 1,175	\$ -	\$ 15,268	\$ 23,491
Advertising and marketing	3,265	816	-	12,244	16,325
Bank charges and investment fees	-	4,611	-	24,193	28,804
Children's assistance	-	383,635	-	-	383,635
Depreciation	1,079	288	1,223	1,007	3,597
Donor development	13,879	2,335	7,592	3,222	27,028
Grants to others	-	25,000	-	-	25,000
Grant writer	9,000	3,000	42,000	6,000	60,000
Insurance	30,012	1,610	8,048	8,048	47,718
Miscellaneous professional fees	7,878	3,575	5,347	4,082	20,882
Office and administrative	17,286	2,163	9,633	8,841	37,923
Other	10,219	1,719	5,589	2,372	19,899
Parking	26,330	314	1,334	1,099	29,077
Payroll and related costs	1,214,347	95,432	115,784	226,218	1,651,781
Postage	290	468	521	232	1,511
Recruitment materials	58,882	-	-	-	58,882
Rent	27,113	9,038	31,631	22,595	90,377
Representation consulting	7,500	-	22,500	-	30,000
Telephone	1,606	535	1,873	1,338	5,352
Training and support	10,059	-	1,992	1,992	14,043
Travel	59,045	1,832	1,205	1,054	63,136
	<u>\$ 1,504,838</u>	<u>\$ 537,546</u>	<u>\$ 256,272</u>	<u>\$ 339,805</u>	<u>\$ 2,638,461</u>

See accompanying notes to financial statements.

**VOICES FOR CHILDREN FOUNDATION, INC.**

**STATEMENTS OF CASH FLOWS**

	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (82,823)	\$ 30,710
Adjustments to reconcile change in net assets to net cash and cash equivalents used in operating activities:		
Depreciation	2,990	3,597
Bad debt expense	29,100	-
Amortization of discounts on promises receivable	(881)	(1,527)
Net realized and unrealized (gain) loss on endowment investments	31,527	(58,425)
Changes in operating assets and liabilities:		
Grants receivable	(213,996)	(179,828)
Promises receivable	(26,658)	12,657
Prepaid expenses and other assets	6,777	(27,716)
Accounts payable	(35,674)	43,639
Accrued payroll	12,596	10,001
Accrued vacation	12,907	(2,613)
Net cash and cash equivalents used in operating activities	<u>(264,135)</u>	<u>(169,505)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of endowment investments	(317,660)	(104,506)
Proceeds from sale of endowment investments	<u>364,241</u>	<u>159,039</u>
Net cash and cash equivalents provided by investing activities	<u>46,581</u>	<u>54,533</u>
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	 (217,554)	 (114,972)
 <b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	 <u>314,233</u>	 <u>429,205</u>
 <b>CASH AND CASH EQUIVALENTS - ENDING</b>	 <u>\$ 96,679</u>	 <u>\$ 314,233</u>
 <b><u>SUPPLEMENTAL DISCLOSURE</u></b>		
In-kind contributions	<u>\$ 409,846</u>	<u>\$ 313,906</u>
Interest paid	<u>\$ 1,591</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**VOICES FOR CHILDREN FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016 AND 2015**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

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 11<sup>th</sup> 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.

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.

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 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, 2016 AND 2015**

**NOTE 1 - NATURE OF ACTIVITIES AND 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 money market accounts with banks 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, 2016 AND 2015**

**NOTE 1 - NATURE OF ACTIVITIES AND 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 and \$90,400 for the years ended June 30, 2016 and 2015, 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, 2016 AND 2015**

**NOTE 1 - NATURE OF ACTIVITIES AND 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 to be 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, 2016 AND 2015**

**NOTE 1 - NATURE OF ACTIVITIES AND 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, 2016 and 2015 is approximately \$77,200 and \$64,300, 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 accounting principles generally accepted in the United States of America (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 Inputs, other than quoted market prices included in Level 1, that are observable either directly or indirectly for the asset or liability.
- 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:

**VOICES FOR CHILDREN FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016 AND 2015**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

Fair Value Measurements (Continued)

*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, 2016			
	Level 1	Level 2	Level 3	Total
Cash and money funds	\$ 76,031	\$ -	\$ -	\$ 76,031
Equity securities	735,202	-	-	735,202
Fixed income securities	<u>462,243</u>	-	-	<u>462,243</u>
Total investments	<u>\$1,273,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,273,476</u>
	June 30, 2015			
	Level 1	Level 2	Level 3	Total
Cash and money funds	\$ 77,896	\$ -	\$ -	\$ 77,896
Equity securities	928,551	-	-	928,551
Fixed income securities	<u>345,137</u>	-	-	<u>345,137</u>
Total investments	<u>\$1,351,584</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,351,584</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 payroll and accrued vacation:* These financial instruments approximate their fair value because of the short term nature of these instruments.

**VOICES FOR CHILDREN FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016 AND 2015**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

Fair Value Measurements (Continued)

*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, 2016 and 2015.

Advertising

Advertising expenses are charged to expense as incurred.

New Accounting Standard

ASU 2016-02

In February 2016, the FASB issued an accounting standard update ASU 2016-02, *Leases (Topic 842)*, which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related liability for many operating leases currently off-balance sheet under current U.S. GAAP. Accounting by lessors remains largely unchanged from current U.S. GAAP. The update is effective using a modified retrospective approach for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020, with early application permitted. The Organization is currently evaluating the effect the update will have on its financial statements.

ASU 2016-14

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The FASB believes the new standard will improve Not-for-Profit financial statements and provide more useful information to donors, grantors, creditors, and other financial statement users. The most significant change resulting from ASU 2016-14 will transform the face of Not-for-Profit financial statements by requiring entities to present two net asset classes (net assets with donor restrictions and net assets without donor restrictions) rather than three net asset classes (unrestricted, temporarily restricted, and permanently restricted). Furthermore, the new standard includes expanded guidance on the reporting of all endowment funds and requires all Not-for-Profit entities to analyze expenses by both natural classification and functional classification and report investment returns net of related investment expenses, including both external and direct internal investment expenses.

The standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

Reclassification

Certain amounts in the June 30, 2015 financial statements have been reclassified to conform to the June 30, 2016 presentation.

Subsequent Events

The Organization has evaluated subsequent events and transactions for potential recognition and disclosure in the financial statements through March 20, 2017, which is the date the financial statements were available to be issued.

During February 2017, the Organization was awarded a federal grant through the Victims of Crime Act and the Office of the Attorney General. The purpose of the grant is to support services provided to victims of crime through the Guardian ad Litem Program. The grant is valued at approximately \$558,000 covering the period October 2016 through September 2017.

**NOTE 2 - 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 - board-designated endowment 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>2016</u>	June 30, <u>2015</u>
Advocacy Project	\$ 50,000	\$ -
Awareness Campaign	40,000	-
Children's Needs	166,363	129,970
Criminal Court Project	4,350	4,351
Empower A Student	-	2,476
Guardian ad Litem	134	4,290
It Takes A Village	126,191	158,880
Multi-year promises restricted by time	83,500	72,130
Transitioning Youth Project	9,804	8,368
	<u>\$480,342</u>	<u>\$380,465</u>

Permanently restricted net assets consist of endowment investments and are described in Note 3.

**VOICES FOR CHILDREN FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016 AND 2015**

**NOTE 3 - RESTRICTED FUNDS AND ENDOWMENT INVESTMENTS**

The Organization's endowment consists of individual funds reported as unrestricted - board-designated 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-board-designated 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 \$1,273,476 at June 30, 2016 and consisted of \$1,070,640 of unrestricted - board-designated endowment funds and \$202,836 of funds permanently restricted by donors. At June 30, 2015 these funds aggregated \$1,351,584 and consisted of \$1,135,471 of unrestricted - board-designated endowment funds and \$216,113 of funds permanently restricted by donors.

Interpretation of relevant law

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 an enacted version of the Prudent Management of Institutional Funds Act of 2006 (the "Act") and disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to the Act. In June 2011, the State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA") that governs the investment and management of donor-restricted endowment funds by Florida not-for-profit organizations. The Organization has interpreted FUPMIFA as requiring the perseveration of the fair value of the original gift as of the gift date of the 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 (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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 as permanently restricted net assets is classified as board-designated unrestricted net assets until those amounts are appropriated by expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the FUPMIFA. In accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

**VOICES FOR CHILDREN FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016 AND 2015**

**NOTE 3 - RESTRICTED FUNDS AND ENDOWMENT INVESTMENTS (Continued)**

Interpretation of relevant law (Continued)

- (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

For the years ended June 30, 2016 and 2015, 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-board-designated endowment and permanently 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, 2016

	Cost	Fair Value	Unrealized Appreciation
Cash and money funds	\$ 76,031	\$ 76,031	\$ -
Equity securities	535,334	735,202	199,868
Fixed income securities	449,951	462,243	12,292
	<u>\$1,061,316</u>	<u>\$1,273,476</u>	<u>\$212,160</u>

June 30, 2015

	Cost	Fair Value	Unrealized Appreciation
Cash and money funds	\$ 77,896	\$ 77,896	\$ -
Equity securities	602,051	928,551	326,500
Fixed income securities	337,412	345,137	7,725
	<u>\$1,017,359</u>	<u>\$1,351,584</u>	<u>\$334,225</u>

**VOICES FOR CHILDREN FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016 AND 2015**

**NOTE 3 - 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, 2016 are as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$1,135,471	\$216,113	\$1,351,584
Investment return:			
Investment income	21,330	3,008	24,338
Net realized/unrealized loss	( 27,211)	( 4,316)	( 31,527)
Total investment return	( 5,881)	( 1,308)	( 7,189)
Appropriation of endowment assets for expenditure	( 9,005)	( 1,927)	( 10,932)
Withdrawals	( 49,945)	( 10,042)	( 59,987)
Endowment net assets, end of year	<u>\$1,070,640</u>	<u>\$202,836</u>	<u>\$1,273,476</u>

The composition of endowment net assets for these funds and the changes in endowment net assets as of June 30, 2015 are as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$1,139,043	\$208,649	\$1,347,692
Investment return:			
Investment income	29,578	2,668	32,246
Net realized/unrealized gain	37,077	6,666	43,743
Total investment return	66,655	9,334	75,989
Appropriation of endowment assets for expenditure	( 10,227)	( 1,870)	( 12,097)
Withdrawals	( 60,000)	-	( 60,000)
Endowment net assets, end of year	<u>\$1,135,471</u>	<u>\$216,113</u>	<u>\$1,351,584</u>

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 as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. Short term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index.

**VOICES FOR CHILDREN FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016 AND 2015**

**NOTE 3 - RESTRICTED FUNDS AND ENDOWMENT INVESTMENTS (Continued)**

Strategies employed for achieving objectives

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

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

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

**NOTE 4 - GRANTS RECEIVABLE**

Grants receivable consist of the following:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Foundations	\$331,000	\$290,781
Government	<u>249,850</u>	<u>76,073</u>
	<u>\$580,850</u>	<u>\$366,854</u>

During the year ended June 30, 2015, 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 \$9,218 and \$290,781 in conditional dollars earned for the years ended June 30, 2016 and 2015, respectively.

**VOICES FOR CHILDREN FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016 AND 2015**

**NOTE 5 - PROMISES RECEIVABLE**

Promises receivable consist of the following:

	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2015</u>
Due in less than one year	\$98,791	\$ 54,733
Due in one to five years	<u>27,500</u>	<u>74,000</u>
Total promises receivable	<u>126,291</u>	<u>128,733</u>
Less: Unamortized Discount (Current)	( 962)	( 1,608)
Less: Unamortized Discount (Non-current)	( 1,635)	( 1,870)
Less: Allowance for doubtful promises	<u>( 3,500)</u>	<u>( 3,500)</u>
 Promises receivable, net	 <u>\$120,194</u>	 <u>\$121,755</u>

The interest rate used in calculating discounts on the present value of estimated future cash flows ranges between 1.95% and 2.79%.

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment comprises the following:

	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2015</u>
Office equipment	\$ 17,985	\$ 17,985
Less: accumulated depreciation	( 16,628)	( 13,638)
Total property and equipment	<u>\$ 1,357</u>	<u>\$ 4,347</u>

There were no additions or disposals of fixed assets during the years ended June 30, 2016 and June 30, 2015.

**NOTE 7 - CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash and cash equivalent balances at a highly rated financial institution located in Florida. At June 30, 2015, the Organization's uninsured cash balances totaled approximately \$112,000. The Organization had no uninsured cash balances at June 30, 2016.

**NOTE 8 - 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.

**VOICES FOR CHILDREN FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016 AND 2015**

**NOTE 9 - COMMITMENTS**

The Organization has made a contractual commitment to a grant writer of \$60,000 for the year ended June 30, 2017.

During 2016, 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, 2016 and shall remain effective until May 31, 2017. The commitment for the period is \$30,000. As of June 30, 2016, the remaining contractual commitment is \$27,500.

**NOTE 10 - 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 39% and 40% of the Organization's total support and revenues for the years ended June 30, 2016 and 2015, respectively.

At June 30, 2016 and 2015, grants receivable from one donor were approximately 30% and 79% of total grants receivable, respectively.

**NOTE 11 - 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 employee compensation, but no more than a \$1,000 per year. The Organization made a matching contribution of approximately \$7,000 and \$7,200 for the years ended June 30, 2016 and 2015, respectively.

**NOTE 12 - 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 \$778,000 for working capital purposes. Borrowings under the line of credit bear interest payable monthly at the weekly London Interbank Offered Rate plus 3.50%, and are secured by all of the Organization's assets. The line of credit matures in October 2017 and is renewable annually under the line of credit agreement. There were no outstanding borrowings on the line of credit as of June 30, 2016 and 2015.

**SUPPLEMENTARY INFORMATION**

**VOICES FOR CHILDREN FOUNDATION, INC.**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**YEAR ENDED JUNE 30, 2016**

STATE AGENCY & PROGRAM TITLE	STATE CSFA/ CONTRACT NUMBER	TOTAL STATE EXPENDITURES	TRANSFERS TO SUBRECIPIENTS
<b>STATE OF FLORIDA</b>			
<b>Justice Administration</b>			
Court System Services for Children & Youth/Guardian Ad Litem 2015-2016	21.002/ GM 16-002	\$ 892,656	\$ -
Court System Services for Children & Youth/Guardian Ad Litem 2015-2016	21.002/ GG 16-027	100,000	-
<b>Total – Justice Administration</b>		\$ 992,656	\$ -

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

**VOICES FOR CHILDREN FOUNDATION, INC.**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**YEAR ENDED JUNE 30, 2016**

**NOTE 1 - GENERAL**

The accompanying Schedule of Expenditures of State Financial Assistance includes the State of Florida grant activity of Voices For Children Foundation, Inc. (the "Organization") for the year ended June 30, 2016. The State of Florida grant on the Schedule of Expenditures of State Financial Assistance is included in the statement of activities within the caption "Grants".

**NOTE 2 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of State Financial Assistance is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 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 3 - SCOPE OF AUDIT PURSUANT TO THE FLORIDA SINGLE AUDIT ACT**

All Florida state grant operations of the Organization are included in the scope of the Florida Single Audit Act (the "Act"). The Single Audit was performed in accordance with the provisions of the *Department of Financial Services' State Projects Compliance Supplement*.

**NOTE 4 - CONTINGENCY**

The grant amounts received are 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 state laws and regulations.

**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, 2016, 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 March 20, 2017.

**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  
March 20, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR STATE PROJECT AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH 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 State Project**

We have audited Voices For Children Foundation, Inc.'s (the "Organization") compliance with the types of compliance 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 state project for the year ended June 30, 2016. The Organization's major state project is 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state projects.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major 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; and Chapter 10.650, Rules of the Auditor General of the State of Florida. Those standards 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 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 its major state project. However, our audit does not provide a legal determination of the Organization's compliance.

***Opinion on the Major 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 its major state project for the year ended June 30, 2016.

## 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 its major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major state project and to test and report on internal control over compliance in accordance with 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 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 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 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  
March 20, 2017

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
STATE PROJECT**

**VOICES FOR CHILDREN FOUNDATION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECT**  
**YEAR ENDED JUNE 30, 2016**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued: *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

***State Financial Assistance***

Type of auditor's report issued on compliance for major state project: *Unmodified*

Internal control over major state project:

- 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 Rule 10.650, Rules of the Auditor General of The State of Florida? \_\_ yes    X no

**State Awarding Agency**

**CSFA Number            Year**

Program tested as a major state project:  
 Justice Administration  
     Court System Services for Children & Youth/Guardian ad Litem 21.002            2015-2016

Dollar threshold used to distinguish between Type A and Type B projects: \$300,000

Management letter issued? \_\_ yes    X no

**VOICES FOR CHILDREN FOUNDATION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECT**  
**YEAR ENDED JUNE 30, 2016**

**SECTION II - FINDINGS - FINANCIAL STATEMENTS**

**REPORTABLE CONDITIONS**

There are no findings to report.

**SECTION III - FINDINGS - STATE FINANCIAL ASSISTANCE**

**REPORTABLE CONDITIONS**

There are no findings to report.

**SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**REPORTABLE CONDITIONS**

There are no findings to report.