

VOICES FOR CHILDREN FOUNDATION, INC.

SINGLE AUDIT REPORTING PACKAGE

VOICES FOR CHILDREN FOUNDATION, INC.
FINANCIAL STATEMENTS AND REPORTS
ON COMPLIANCE AND ON INTERNAL CONTROL
JUNE 30, 2010 AND 2009

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Voices For Children Foundation, Inc.
Miami, Florida

We have audited the accompanying statements of financial position of Voices For Children Foundation, Inc. (the "Organization"), a non-profit organization, as of June 30, 2010 and 2009 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the statements referred to above present fairly, in all material respects, the financial position of Voices For Children Foundation, Inc. as of June 30, 2010 and 2009 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.

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 10, 2010 on our consideration of Voices For Children Foundation, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of these reports 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 the internal control over financial reporting or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Voices For Children Foundation, Inc. taken as a whole. The statements of functional expenses for the years ended June 30, 2010 and 2009 are presented for purposes of additional analysis and are not a required part of the financial statements of the Organization. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis in accordance with Chapter 10.650, *Rules of the Auditor General of the State of Florida*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



December 10, 2010

VOICES FOR CHILDREN FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
ASSETS		
Cash and cash equivalents, including temporary restricted of \$360,367 and \$182,399 for 2010 and 2009, respectively	\$ 871,459	\$ 329,876
Endowment investments	770,471	709,095
Promises receivable, net of allowance for doubtful promises of \$25,350 for 2010 and 2009	379,023	878,813
Property and equipment, net	6,772	6,686
Other	<u>1,559</u>	<u>2,812</u>
Total assets	<u>\$2,029,284</u>	<u>\$1,927,282</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 123,046	\$ 97,481
Deferred revenues	<u>5,125</u>	<u>26,222</u>
Total liabilities	<u>128,171</u>	<u>123,703</u>
Net assets:		
Unrestricted	429,622	692,628
Unrestricted - board-designated endowment	703,836	650,741
Temporarily restricted	626,020	326,856
Permanently restricted	<u>141,635</u>	<u>133,354</u>
Total net assets	<u>1,901,113</u>	<u>1,803,579</u>
Total liabilities and net assets	<u>\$2,029,284</u>	<u>\$1,927,282</u>

See accompanying notes to financial statements.

VOICES FOR CHILDREN FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended June 30, 2010

	Unrestricted	Unrestricted - Board- Designated Endowment	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE					
Contributions and grants	\$ 464,352		\$ 1,901,885		\$ 2,366,237
Investment income	78	\$ 57,964		\$ 9,436	67,478
Special events	554,675				554,675
Special events in kind	333,191				333,191
Less: Direct costs	(310,426)				(310,426)
Direct costs in kind	(333,191)				(333,191)
	<u>244,249</u>				<u>244,249</u>
Net assets released from restrictions:					
Satisfaction of program restrictions	<u>1,608,745</u>	<u>(4,869)</u>	<u>(1,602,721)</u>	<u>(1,155)</u>	<u>-</u>
Total support and revenue	<u>2,317,424</u>	<u>53,095</u>	<u>299,164</u>	<u>8,281</u>	<u>2,677,964</u>
EXPENSES					
PROGRAM SERVICES					
Guardian Ad Litem Support	1,549,004				1,549,004
Children's Needs	<u>369,439</u>				<u>369,439</u>
Total program services	<u>1,918,443</u>				<u>1,918,443</u>
SUPPORTING SERVICES					
Fundraising	239,230				239,230
Management and general	<u>422,757</u>				<u>422,757</u>
Total supporting services	<u>661,987</u>				<u>661,987</u>
Total expenses	<u>2,580,430</u>				<u>2,580,430</u>
CHANGE IN NET ASSETS	(263,006)	53,095	299,164	8,281	97,534
NET ASSETS - BEGINNING	<u>692,628</u>	<u>650,741</u>	<u>326,856</u>	<u>133,354</u>	<u>1,803,579</u>
NET ASSETS - ENDING	<u>\$ 429,622</u>	<u>\$ 703,836</u>	<u>\$ 626,020</u>	<u>\$ 141,635</u>	<u>\$ 1,901,113</u>

VOICES FOR CHILDREN FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended June 30, 2009

	Unrestricted	Unrestricted - Board- Designated Endowment	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE					
Contributions and grants	\$ 708,592		\$ 1,988,642		\$ 2,697,234
Investment income (loss)	2,384	\$ (72,230)		\$ (22,560)	(92,406)
Special events	594,517				594,517
Special events in kind	330,277				330,277
Less: Direct costs	(244,603)				(244,603)
Direct costs in kind	(330,277)				(330,277)
	349,914				349,914
Net assets released from restrictions:					
Satisfaction of program restrictions	1,970,368	(4,545)	(1,964,769)	(1,054)	-
Total support and revenue	3,031,258	(76,775)	23,873	(23,614)	2,954,742
EXPENSES					
PROGRAM SERVICES					
Guardian Ad Litem Support	1,890,748				1,890,748
Children's Needs	414,060				414,060
Total program services	2,304,808				2,304,808
SUPPORTING SERVICES					
Fundraising	247,149				247,149
Management and general	438,702				438,702
Total supporting services	685,851				685,851
Total expenses	2,990,659				2,990,659
CHANGE IN NET ASSETS	40,599	(76,775)	23,873	(23,614)	(35,917)
NET ASSETS - BEGINNING	652,029	727,516	302,983	156,968	1,839,496
NET ASSETS - ENDING	\$ 692,628	\$ 650,741	\$ 326,856	\$ 133,354	\$ 1,803,579

See accompanying notes to financial statements.

VOICES FOR CHILDREN FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2010

	Guardian Ad Litem Support	Children's Needs	Supporting Services	Total
Accounting	\$ 7,020	\$ 1,170	\$ 15,210	\$ 23,400
Advertising and marketing	19,701	1,231	102,199	123,131
Bad debts	-	-	35,624	35,624
Bank charges and investment fees	-	2,639	12,816	15,455
Children's assistance	-	311,290	-	311,290
Depreciation	952	254	1,967	3,173
Grant writer	2,667	2,667	48,002	53,336
Insurance	32,589	-	8,670	41,259
Legal	7,500	-	22,500	30,000
Miscellaneous professional fees	4,186	4,229	16,874	25,289
Office and administrative	8,411	1,478	11,533	21,422
Other	13,615	1,661	28,649	43,925
Payroll and related costs	1,314,156	37,788	328,589	1,680,533
Postage	544	257	1,414	2,215
Recruitment materials	41,343	-	-	41,343
Rent	16,500	3,500	21,000	41,000
Telephone	3,099	755	4,531	8,385
Training and support	8,053	-	175	8,228
Travel	68,668	520	2,234	71,422
	<u>\$1,549,004</u>	<u>\$ 369,439</u>	<u>\$ 661,987</u>	<u>\$2,580,430</u>

YEAR ENDED JUNE 30, 2009

	Guardian Ad Litem Support	Children's Needs	Supporting Services	Total
Accounting	\$ -	\$ -	\$ 30,450	\$ 30,450
Advertising and marketing	778	-	54,650	55,428
Bank charges and investment fees	-	2,351	11,886	14,237
Children's assistance	-	345,223	3,248	348,471
Depreciation	993	265	2,053	3,311
Grant writer	4,584	2,292	38,961	45,837
Insurance	22,716	-	3,955	26,671
Legal	7,664	-	22,993	30,657
Miscellaneous professional fees	6,697	5,495	31,835	44,027
Office and administrative	12,097	2,314	17,930	32,341
Other	20,235	1,404	51,940	73,579
Payroll and related costs	1,708,829	48,995	383,416	2,141,240
Postage	1,437	563	3,662	5,662
Recruitment materials	3,313	-	-	3,313
Rent	19,500	3,500	21,000	44,000
Telephone	4,002	892	5,350	10,244
Training and support	2,883	-	259	3,142
Travel	75,020	766	2,263	78,049
	<u>\$1,890,748</u>	<u>\$ 414,060</u>	<u>\$ 685,851</u>	<u>\$2,990,659</u>

See accompanying notes to financial statements.

VOICES FOR CHILDREN FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

	<u>June 30,</u> <u>2010</u>	<u>June 30,</u> <u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 97,534	\$ (35,917)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,173	3,311
Bad debts	35,624	-
(Gain) loss from endowment investments	(61,376)	100,389
Non-cash donations	(549,662)	(518,962)
Non-cash expenses	549,662	518,962
Changes in operating assets and liabilities:		
Promises receivable	464,166	35,738
Other	1,252	4,533
Accounts payable and accrued expenses	25,565	(23,525)
Deferred revenues	<u>(21,097)</u>	<u>24,972</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>544,841</u>	<u>109,501</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfers from endowment investments	-	150,000
Transfers to endowment investments	<u>-</u>	<u>(75,000)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>75,000</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of property and equipment	<u>(3,258)</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	541,583	184,501
CASH AND CASH EQUIVALENTS - BEGINNING	<u>329,876</u>	<u>145,375</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 871,459</u>	<u>\$ 329,876</u>

See accompanying notes to financial statements.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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 programs:

- Guardian Ad Litem Support - Program 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 - Program provides financial assistance to children for immediate basic needs (food, clothing, shelter) as well as educational and enrichment needs.

Support and Revenue Recognition

Grant funds are received on both an advance and a cost-reimbursement basis. Revenue with respect to grant awards is recognized at its net realizable value on the commencement date of the grant. Upon completion or expiration of a grant, unexpended funds are not available to the Organization.

Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions and grants that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

A conditional promise to give generally is not recorded as a contribution until the condition on which it depends is substantially met. The Organization has recorded a conditional promise up to the amount which matches funds from contributions.

Cash and Cash Equivalents

The Organization considers all highly-liquid investments with a maturity of three months or less to be cash equivalents.

Contributed Services

During the years ended June 30, 2010 and 2009, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Donated Facilities

The Organization's offices, located in Miami, Florida, are donated by the Public Health Trust of Miami-Dade County, Florida. The fair rental value of these facilities is recorded as a contribution and as rent expense in the financial statements.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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

Property and Equipment

Purchased assets are recorded at cost. Donated assets 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. Assets 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 lives 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 and change in nets 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. The Organization's open audit years are 2007, 2008 and 2009. As of June 30, 2010, the Organization believes that there are no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Investments

The Organization has adopted Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) 958 (formerly Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*). Under FASB ASC 958, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in investment income (loss).

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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; however, management does not believe these differences would have a material effect on the financial statements.

Reclassifications

Certain accounts in the June 30, 2009 financial statements have been reclassified to conform to the June 30, 2010 presentation.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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

Net asset classification of funds

In February 2008, the FASB issued FASB ASC 958-205 (formerly FSP No. FAS 117-1), *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA")*, and *Enhanced Disclosures for all Endowment Funds*.

This FASB provides guidance on the net asset classifications of donor-restricted endowment funds of a not-for-profit that is subject to an enacted version of the UPMIFA of 2006. As of June 2010, the state of Florida had not adopted the enacted version. This FASB improves disclosures about an Organization's endowment funds (both donor-restricted and board designated) whether or not the Organization is subject to UPMIFA.

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 and promises receivable and are available for the following purposes:

	<u>June 30,</u> <u>2010</u>	<u>June 30,</u> <u>2009</u>
Advocacy Project	\$147,469	\$ 5,000
Children's Needs	114,220	146,950
Criminal Court Project	10,936	13,813
Education Project	48,349	50,000
Guardian Ad Litem	199,322	3,496
Kinship Care	49,796	66,203
Legal Project	-	2,778
Transitioning Youth Project	45,928	35,952
Volunteer Recruitment	10,000	2,664
	<u>\$626,020</u>	<u>\$326,856</u>

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

NOTE 3 - RESTRICTED FUNDS AND ENDOWMENT INVESTMENTS

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 \$770,471 at June 30, 2010 and consisted of \$628,836 of unrestricted – board-designated endowment funds and \$141,635 of funds permanently restricted by donors. At June 30, 2009 these funds aggregated \$709,095 and consisted of \$575,741 of unrestricted – board-designated endowment funds and \$133,354 of funds permanently restricted by donors.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

NOTE 3 - RESTRICTED FUNDS AND ENDOWMENT INVESTMENTS (Continued)

No returns on investments were distributed for operating purposes. Income (loss) from the funds is reflected as an increase (decrease) in unrestricted board designated endowment fund balances in accordance with donor imposed restrictions.

At June 30, 2010 and 2009, \$75,000 of unrestricted-board designated endowment funds is included in cash and cash equivalents in the accompanying Statement of Financial Position.

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

June 30, 2010

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money Funds	\$ 14,079	\$ 14,079	\$ -
Equities	415,187	377,360	(37,827)
Fixed Income	<u>358,810</u>	<u>379,032</u>	<u>20,222</u>
	<u>\$788,076</u>	<u>\$770,471</u>	<u>(\$17,605)</u>

June 30, 2009

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money Funds	\$ 43,751	\$ 43,751	\$ -
Equities	421,190	335,566	(85,624)
Fixed Income	<u>317,918</u>	<u>329,778</u>	<u>11,860</u>
	<u>\$782,859</u>	<u>\$709,095</u>	<u>(\$73,764)</u>

Voices for Children Foundation, Inc.'s endowment consists of individual funds established for a variety of purposes. Its endowment is comprised of donor-restricted funds and unrestricted-board designated funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Organization has interpreted the Florida Uniform Management of Institutional Funds Act ("FUMIFA") as requiring the preservation of the fair value of the original gift as of the 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, and (b) the cumulative appreciation of the principal amount of the original gifts.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

NOTE 3 - RESTRICTED FUNDS AND ENDOWMENT INVESTMENTS (Continued)

Although the State of Florida has not adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), the Organization has interpreted the UPMIFA as requiring the perseveration of the fair value of the original gift as of the gift date of the donor-restricted funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Voices for Children Foundation, Inc. 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 in 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 UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The purposes of the Organization and the donor-restricted Endowment Fund
- (2) General economic conditions
- (3) The possible effect of inflation and deflation
- (4) The expected total return from income and appreciation of assets
- (5) Other resources of the Organization
- (6) The investment policies of the Organization

For the years ended June 30, 2010 and 2009, 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.

Endowment Net Asset Composition by Type of Fund as of June 30, 2010

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$141,635	\$ 141,635
Board designated endowment funds	<u>703,836</u>	<u>-</u>	<u>703,836</u>
	<u>\$703,836</u>	<u>\$141,635</u>	<u>\$ 845,471</u>

Change in Net Asset Endowment Funds for the Fiscal Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$650,741</u>	<u>\$133,354</u>	<u>\$784,095</u>
Investment return:			
Investment income	18,387	-	18,387
Net realized/unrealized	<u>39,577</u>	<u>9,436</u>	<u>49,013</u>
Gain (loss) total investment	57,964	9,436	67,400
Appropriation of endowment assets for expenditure	(4,869)	(1,155)	(6,024)
Endowment net assets, end of year	<u>\$703,836</u>	<u>\$141,635</u>	<u>\$845,471</u>

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

NOTE 3 - RESTRICTED FUNDS AND ENDOWMENT INVESTMENTS (Continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2009

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted Endowment Funds	\$ -	\$133,354	\$133,354
Board designated Endowment Funds	<u>650,741</u>	<u>-</u>	<u>650,741</u>
Total Funds	<u>\$650,741</u>	<u>\$133,354</u>	<u>\$784,095</u>

Change in Net Asset Endowment Funds for the Fiscal Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$727,516</u>	<u>\$156,968</u>	<u>\$884,484</u>
Investment return:			
Investment income	20,294	-	20,294
Net realized/unrealized	<u>(92,524)</u>	<u>(22,560)</u>	<u>(115,084)</u>
Gain (loss) total investment	<u>(72,230)</u>	<u>(22,560)</u>	<u>(94,790)</u>
Appropriation of endowment assets for expenditure	<u>(4,545)</u>	<u>(1,054)</u>	<u>(5,599)</u>
Endowment net assets, end of year	<u>\$650,741</u>	<u>\$133,354</u>	<u>\$784,095</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.

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.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

NOTE 3 - RESTRICTED FUNDS AND ENDOWMENT INVESTMENTS (Continued)

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 - PROMISES RECEIVABLE

Promises receivable consist of the following:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Unconditional	\$272,067	\$304,163
Conditional	132,306	600,000
Less: Allowance for promises receivable	<u>(25,350)</u>	<u>(25,350)</u>
	<u>\$379,023</u>	<u>\$878,813</u>

Promises receivable for the years ended June 30, 2010 and 2009 included amounts due between one and five years of the dates listed above. Any corresponding discounts are considered immaterial and therefore have not been applied.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment comprises the following:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Office equipment	\$ 56,907	\$ 53,648
Furniture and fixtures	<u>5,000</u>	<u>5,000</u>
Total	61,907	58,648
Less: accumulated depreciation	<u>(55,135)</u>	<u>(51,962)</u>
Total property and equipment	<u>\$ 6,772</u>	<u>\$ 6,686</u>
Depreciation expense is as follows:		
Equipment recorded at cost	\$ 2,724	\$ 2,862
Equipment recorded at fair market value	<u>449</u>	<u>449</u>
Total depreciation expense	<u>\$ 3,173</u>	<u>\$ 3,311</u>

NOTE 6 - FAIR VALUE MEASUREMENTS

FASB ASC 820-10 (formerly SFAS No. 157), *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

NOTE 6 - FAIR VALUE MEASUREMENTS (Continued)

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

All of Voices for Children Foundation Inc.'s investments are considered to be Level 1.

NOTE 7 - ALLOCATION OF FUNCTIONAL EXPENSES

The costs of providing various programs and activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 8 - CONTINGENCY

Financial awards from federal, state and local government entities in the form of grants are subject to special audits. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NOTE 9 - COMMITMENTS

The Organization has made a contractual commitment to a grant writer of \$60,000 for the year ending June 30, 2011.

NOTE 10 - 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 \$12,525 and \$9,700 for the years ended June 30, 2010 and 2009, respectively.

VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events were evaluated through December 10, 2010, which is the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

VOICES FOR CHILDREN FOUNDATION, INC.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2010

STATE AGENCY & PROGRAM TITLE	CSFA	TOTAL STATE EXPENDITURES	TRANSFERS TO SUBRECIPIENTS
STATE OF FLORIDA Justice Administration Court System Services for Children & Youth/Guardian Ad Litem 2009-2010	21,002	\$892,656	\$ -

VOICES FOR CHILDREN FOUNDATION, INC.

NOTE TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2010

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance includes the State of Florida grant activity of Voices for Children Foundation, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the rules of the Auditor General of the State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

**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**

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

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

We have audited the financial statements of Voices For Children Foundation, Inc. (the "Organization") as of and for the year ended June 30, 2010, and have issued our report thereon dated December 10, 2010. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. According, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

This report is intended solely for the information and use of the Board of Directors, management and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



December 10, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
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**

Certified Public Accountants and Associates
**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
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
Voices For Children Foundation, Inc.
Miami, Florida

Compliance

We have audited the compliance of Voices For Children Foundation, Inc. (the "Organization") with the types of compliance requirements in accordance with Chapter 10.650, *Rules of the Auditor General of the State of Florida*, that are applicable to its major state project for the year ended June 30, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major state project is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

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 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to its major state project for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a major state project on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state project such as there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state project will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any weaknesses in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Pinchasik Yelen Muskat Stein LLC".

December 10, 2010

**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, 2010

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

State Financial Assistance

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

Internal control over major state project:

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

Any audit findings disclosed that are required to be reported in Accordance with Rule 10.656? yes no

Identification of Major State Project:
 Justice Administration
 Court System Services for Children & Youth/Guardian Ad Litem
 CSFA 21.002

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

Management letter issued? yes no

VOICES FOR CHILDREN FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECT
YEAR ENDED JUNE 30, 2010

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.