



VOICES FOR VIRGINIA'S CHILDREN

FINANCIAL REPORT

December 31, 2021

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows.....	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Voices for Virginia's Children
Henrico, Virginia

Opinion

We have audited the accompanying financial statements of Voices for Virginia's Children (the Organization), which comprise the statement of financial position as of December 31, 2021, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's abilities to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

The Organization's 2020 financial statements were audited by Mitchell, Wiggins & Company, LLP who were acquired by Brown, Edwards & Company L.L.P. as of November 1, 2021, and whose report dated May 20, 2021, expressed an unmodified audit opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Richmond, Virginia
June 14, 2022

VOICES FOR VIRGINIA'S CHILDREN

STATEMENT OF FINANCIAL POSITION

December 31, 2021, with Comparative Totals as of December 31, 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,319,875	\$ 1,058,791
Certificates of deposit	-	114,063
Grants and contributions receivable	178,500	170,000
Employee retention credit	45,291	45,291
Prepaid expenses	15,997	12,837
Accrued interest receivable	-	978
Total current assets	<u>1,559,663</u>	<u>1,401,960</u>
SECURITY DEPOSITS	5,513	4,221
PROPERTY AND EQUIPMENT, NET	<u>9,505</u>	<u>2,799</u>
Total assets	<u><u>\$ 1,574,681</u></u>	<u><u>\$ 1,408,980</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Paycheck Protection Program loan	\$ -	\$ 137,700
Accounts payable	4,861	2,999
Accrued expenses	23,799	30,110
Total current liabilities	<u>28,660</u>	<u>170,809</u>
NET ASSETS		
WITHOUT DONOR RESTRICTIONS		
Undesignated	1,283,909	967,763
Board designated for reserve	65,000	65,000
Board designated for endowment	140,641	140,324
Total net assets without donor restrictions	<u>1,489,550</u>	<u>1,173,087</u>
WITH DONOR RESTRICTIONS		
Purpose restrictions	6,471	15,084
Perpetual in nature	50,000	50,000
Total net assets with donor restrictions	<u>56,471</u>	<u>65,084</u>
Total net assets	<u>1,546,021</u>	<u>1,238,171</u>
Total liabilities and net assets	<u><u>\$ 1,574,681</u></u>	<u><u>\$ 1,408,980</u></u>

See Independent Auditor's Report.

The Notes to Financial Statements are an integral part of these statements.

VOICES FOR VIRGINIA'S CHILDREN

STATEMENT OF ACTIVITIES

Year Ended December 31, 2021, with Comparative Totals for the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2021	2020
SUPPORT AND REVENUE				
Contributions				
Corporations	\$ 5,000	\$ -	\$ 5,000	\$ 749
Foundations	552,150	100,000	652,150	429,138
Organizations	81,650	120,000	201,650	194,618
Individuals	146,738	-	146,738	138,957
Events	-	-	-	15,000
In-kind contributions	24,363	-	24,363	-
Paycheck Protection Program Loan Forgiveness	274,630	-	274,630	-
Net investment income	317	-	317	5,546
	1,084,848	220,000	1,304,848	784,008
Net assets released from restrictions	228,613	(228,613)	-	-
Total support and revenue	1,313,461	(8,613)	1,304,848	784,008
EXPENSES				
Program and advocacy areas				
KIDS COUNT	100,944	-	100,944	86,874
Early childhood	280,423	-	280,423	233,794
Health and mental health	148,233	-	148,233	137,507
Foster care and adoption	157,416	-	157,416	137,359
Family economic success	21,347	-	21,347	17,222
Lobbying	19,720	-	19,720	18,426
Total program and advocacy areas	728,083	-	728,083	631,182
SUPPORTING SERVICES				
General and administrative	77,006	-	77,006	50,272
Development	191,909	-	191,909	176,597
Total supporting services	268,915	-	268,915	226,869
Total expenses	996,998	-	996,998	858,051
Changes in net assets	316,463	(8,613)	307,850	(74,043)
NET ASSETS, beginning	1,173,087	65,084	1,238,171	1,312,214
NET ASSETS, ending	\$ 1,489,550	\$ 56,471	\$ 1,546,021	\$ 1,238,171

See Independent Auditor's Report.

The Notes to Financial Statements are an integral part of these statements.

VOICES FOR VIRGINIA'S CHILDREN

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021, with Comparative Totals for the Year Ended December 31, 2020

	Program and Advocacy Areas							Supporting Services			Totals	
	KIDS COUNT	Early Childhood	Health and Mental Health	Foster Care and Adoption	Family Economic Success	Lobbying	Total Program and Advocacy Areas	General and Administrative	Development	Total Supporting Services	2021	2020
Salaries	\$ 63,907	\$ 151,598	\$ 86,619	\$ 96,287	\$ 13,280	\$ 16,816	\$ 428,507	\$ 43,095	\$ 122,849	\$ 165,944	\$ 594,451	\$ 527,078
Payroll taxes	4,503	11,526	6,273	7,267	958	-	30,527	4,522	9,306	13,828	44,355	44,045
Fringe benefits	6,035	14,297	6,177	9,056	1,403	1,675	38,643	10,818	4,203	15,021	53,664	45,855
Retirement	769	3,908	2,314	2,636	290	495	10,412	1,270	3,445	4,715	15,127	12,241
Meeting and programs	473	30,086	1,049	2,572	104	-	34,284	228	689	917	35,201	38,101
Communications	5,373	14,149	9,268	8,298	1,100	-	38,188	3,323	10,061	13,384	51,572	32,755
Rent expense	5,124	14,734	10,625	8,119	1,024	234	39,860	3,939	10,468	14,407	54,267	55,299
Depreciation	329	882	572	510	62	-	2,355	220	665	885	3,240	5,582
Telephone	618	1,686	1,093	974	119	-	4,490	420	1,267	1,687	6,177	5,120
Office supplies and postage	878	2,479	1,571	1,388	168	100	6,584	19	1,802	1,821	8,405	8,413
Repairs and maintenance	2,087	5,694	3,686	3,289	408	-	15,164	1,414	4,290	5,704	20,868	22,441
Insurance	446	1,217	788	703	87	-	3,241	302	918	1,220	4,461	3,900
Travel and lodging	62	164	98	89	137	-	550	79	119	198	748	2,107
Professional development	132	251	185	171	76	-	815	485	642	1,127	1,942	2,739
Dues and subscriptions	368	1,004	651	581	71	400	3,075	250	755	1,005	4,080	4,746
Legal and professional	9,840	26,748	17,264	15,476	2,060	-	71,388	6,622	20,430	27,052	98,440	47,629
	<u>\$ 100,944</u>	<u>\$ 280,423</u>	<u>\$ 148,233</u>	<u>\$ 157,416</u>	<u>\$ 21,347</u>	<u>\$ 19,720</u>	<u>\$ 728,083</u>	<u>\$ 77,006</u>	<u>\$ 191,909</u>	<u>\$ 268,915</u>	<u>\$ 996,998</u>	<u>\$ 858,051</u>

See Independent Auditor's Report.

The Notes to Financial Statements are an integral part of these statements.

VOICES FOR VIRGINIA'S CHILDREN

STATEMENT OF CASH FLOWS
Year Ended December 31, 2021, with Comparative Totals for the Year Ended December 31, 2020

	2021	2020
OPERATING ACTIVITIES		
Change in net assets	\$ 307,850	\$ (74,043)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	3,240	5,582
Unrealized and realized gain on certificates of deposit	(990)	(4,850)
Forgiveness of Paycheck Protection Program loan	(274,630)	-
Changes in operating assets:		
Grants and contributions receivable	(8,500)	(15,801)
Employee retention credit	-	(45,291)
Prepaid expenses and other assets	(4,452)	3,544
Accrued interest receivable	978	1,265
Changes in operating liabilities:		
Accounts payable	1,862	(29,865)
Accrued expenses	(6,311)	3,209
Net cash and cash equivalents provided by operating activities	19,047	(156,250)
INVESTING ACTIVITIES		
Proceeds from redemption of certificates of deposit	115,053	-
Proceeds from sale of investment securities	-	100,000
Purchase of property and equipment	(9,946)	(806)
Net cash and cash equivalents provided by investing activities	105,107	99,194
FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	136,930	137,700
Net change in cash and cash equivalents	261,084	80,644
CASH AND CASH EQUIVALENTS, beginning	1,058,791	978,147
CASH AND CASH EQUIVALENTS, ending	\$ 1,319,875	\$ 1,058,791
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES		
Forgiveness of Paycheck Protection Program loans	\$ 274,630	\$ -

See Independent Auditor's Report.

The Notes to Financial Statements are an integral part of these statements.

VOICES FOR VIRGINIA'S CHILDREN

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(with summarized comparative financial information for
the year ended December 31, 2020)

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of organization

The mission of Voices for Virginia's Children (the Organization) is to champion public policies that improve the lives of children. The Organization collects and disseminates research, educates and inspires decision makers and their constituents, identifies best practices, organizes citizens and organizations to communicate and work in coordination, and trains citizens to advocate effectively. The funding for the Organization comes primarily from foundations and individual, organizational, and corporate donors. The Organization is a not-for-profit, non-stock corporation, which was incorporated on September 15, 1994.

The major programs and advocacy issues sponsored by the Organization include:

KIDS COUNT data and research

Accurate, objective information is the basis for a positive change. The Organization publishes accurate and objective data on key aspects of the well-being of children in Virginia, disseminates that information, and helps train people to use the information more effectively in formulating public policy and other decisions affecting children and their families. The KIDS COUNT project is part of a national initiative by the Annie E. Casey Foundation. The Virginia KIDS COUNT Data Center is available online, and issues briefs, reports, and infographics on specific critical issues as needed.

Early childhood

Investments in children's earliest years are critical. The emphasis in the Organization's early childhood work is on early care and education and other programs and issues related to school readiness. The Organization works to improve the quality, affordability, and accessibility of early care and education.

Health and mental health

All children require access to high quality physical and mental health care to ensure healthy development and the best possible life outcomes. The Organization's work on health issues is focused on improved access to care through comprehensive health insurance coverage and through our Campaign for Children's Mental Health. The Organization leads the Campaign, a statewide coalition on children's access to mental health care, focused on advocating better policies and programs for our children and families dealing with mental illness.

Foster care and adoption

Every child in foster care deserves a permanent, safe, and loving home in which they can thrive. The Organization works to reduce the number of children going into the foster care system and enhance permanency options for those who must go into care. The Organization also works on improved outcomes for youth who age out of the foster care system.

(Continued)

VOICES FOR VIRGINIA'S CHILDREN

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(with summarized comparative financial information for
the year ended December 31, 2020)

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

The Organization has organized a statewide coalition around foster care and adoption informing citizens and decision makers about the issue, especially using data and research-based publications, and working to bring public attention to policy concerns.

Family economic success

Child poverty rates in Virginia are getting worse and families in poverty have difficulty meeting their children's needs. The Organization works on policies that combat childhood poverty and promote family economic stability.

Lobbying

Advocating children's issues to policy makers is central to ensuring a positive change in Virginia. IRS policies allow non-profits to lobby with some restrictions. The Organization has made a 501(h) election under IRS guidelines which provide safe harbor rules on lobbying expenses. The Organization complies with that limit.

Federal and state electoral education

As a not-for-profit organization, the Organization cannot endorse candidates or engage in partisan political activity. However, to influence public policy on behalf of children, it is critical that the Organization educate candidates about important policy and legislative issues that impact children and educate voters about the positions candidates have taken on these issues. The Organization does this via policy briefings for candidates and staff, sponsorship of candidate forums to educate voters, publishing results of policy questionnaires completed by candidates, distributing printed materials and electronic communications describing candidates' positions on key issues, and organizing candidate forums for all candidates running for a particular office on issues affecting children and families.

A summary of the Organization's significant accounting policies follows:

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recorded when earned and expenses are recognized when the obligation is incurred.

(Continued)

VOICES FOR VIRGINIA'S CHILDREN

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

**(with summarized comparative financial information for
the year ended December 31, 2020)**

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents

For purposes of reporting the statement of cash flows, the Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents on the accompanying statement of financial position. The Organization, at times, may have cash in excess of federally insured limits. The Organization's cash is in institutions whose credit ratings are monitored by management to minimize the concentration of credit risk. At December 31, 2021 and 2020, the Organization had cash balances that were in excess of insured limits.

Grants, pledges, and contributions receivable

Grants, pledges, and contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional grants or pledges are recognized when the conditions on which they depend are substantially met and the promise becomes unconditional.

Grants, pledges, and contributions receivable are periodically evaluated for collectability based on past credit history and current financial condition. No allowance for uncollectable receivables was considered necessary by management at December 31, 2021 and 2020.

Property and equipment

Acquisitions of property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from 3 – 7 years. Maintenance and repairs are charged to expense as incurred.

Revenue recognition

The Organization's primary revenue source is contributions and grants. Revenue is recognized in accordance with ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides guidance regarding the treatment of grants and similar agreements as either contributions or exchange transactions.

The Organization analyzes grant agreements to determine whether such agreements constitute contributions or exchange transactions, and if determined to be contributions, whether such contributions are conditional or unconditional. The Organization has determined that substantially all of its grant agreements represent unconditional contributions and thus are recorded at the time the unconditional contribution is made.

The Organization also at times has revenue from special events. This revenue is earned when the event is held.

(Continued)

VOICES FOR VIRGINIA'S CHILDREN

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

**(with summarized comparative financial information for
the year ended December 31, 2020)**

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

In-kind contributions

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided by donation, are recorded at their fair market values in the period received. Revenue and expenses are recognized for the estimated fair value of goods and services contributed by donors in support of the Organization.

Net assets

Under current accounting standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. The net asset classes are summarized as follows:

Net assets without donor restrictions include resources available for use in general operations and programs of the Organization. The Board of Directors has designated, from net assets without donor restrictions, net assets to be used for reserves and endowment purposes.

Net assets with donor restrictions include contributions with donor-imposed restrictions that may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or that may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restriction if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. The Organization is subject to tax on any unrelated business income that it may generate.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited and functions served.

(Continued)

VOICES FOR VIRGINIA'S CHILDREN

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

**(with summarized comparative financial information for
the year ended December 31, 2020)**

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses. Actual results could vary from the estimates.

Note 2. Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2021</u>	<u>2020</u>
Computer equipment	\$ 45,270	\$ 45,685
Furniture	1,897	1,897
	47,167	47,582
Less accumulated depreciation	37,662	44,783
	<u>\$ 9,505</u>	<u>\$ 2,799</u>

Note 3. Retirement Plan

The Organization has a SIMPLE IRA plan covering substantially all employees. Under the plan, the Organization contributes a discretionary amount based on each eligible employee's salary. Contributions for the years ended December 31, 2021 and 2020 were \$15,127 and \$12,241, respectively.

Note 4. In-Kind Contributions

The Foundation received contributed legal services of \$24,363 for the year ended December 31, 2021. These contributions were recorded at fair value at the date of the contribution and have been included as in-kind contributions in the statement of activities. The contributed legal services were performed by a legal firm that is a related party to a board member.

(Continued)

VOICES FOR VIRGINIA'S CHILDREN

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

**(with summarized comparative financial information for
the year ended December 31, 2020)**

Note 5. Net Assets with Donor Restrictions – Purpose Restrictions

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
Early childhood	\$ 6,471	\$ 15,084

Net assets were released from donor restrictions for the following purposes during the year ended December 31:

	<u>2021</u>	<u>2020</u>
KIDS COUNT	\$ 100,000	\$ 125,000
Health and mental health	-	28,639
Early childhood programs	128,613	178,498
Foster care and adoption	-	50,000
	<u>\$ 228,613</u>	<u>\$ 382,137</u>

Note 6. Endowment Funds

The Organization's endowments consist of one donor-restricted endowment and one board-designated endowment. There are no purpose restrictions on the endowments.

The Organization has adopted an investment policy for endowment assets that attempt to maintain the purchasing power of the endowment assets while also providing a potential source of support for its current programs. Under this policy, the endowment assets are invested in a manner that is intended to provide long-term capital appreciation. Actual returns in any given year may vary.

To satisfy its long-term 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 to achieve its long-term objectives within prudent risk constraints.

Historically, the Organization has not applied a spending policy to its endowment in an effort to allow the endowment to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

(Continued)

VOICES FOR VIRGINIA'S CHILDREN

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

(with summarized comparative financial information for
the year ended December 31, 2020)

Note 6. Endowment Funds (Continued)

At December 31, 2021 and 2020, the endowment net asset composition was as follows:

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Donor Restrictions	With Donor Restrictions
Donor-restricted endowment	\$ -	\$ 50,000	\$ -	\$ 50,000
Board-designated endowment	140,641	-	140,324	-
	\$ 140,641	\$ 50,000	\$ 140,324	\$ 50,000

A summary of the activity in endowment funds for the years ended December 31, 2021 and 2020 is as follows:

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning	\$ 140,324	\$ 50,000	\$ 134,778	\$ 50,000
Investment income, net	317	-	5,546	-
Endowment net assets, ending	\$ 140,641	\$ 50,000	\$ 140,324	\$ 50,000

Note 7. Lease Commitments

The Organization leases office space under a noncancelable operating lease that expires in October 2023. Additionally, the Organization leases a copier under a five-year lease expiring June 30, 2024. The Organization also has a month to month agreement for several parking spaces. Lease expense for the years ended December 31, 2021 and 2020, was \$57,640 and \$55,299, respectively. At December 31, 2021, future minimum lease payments due under these operating leases are as follows:

2022	\$ 59,195
2023	51,101
2024	1,370
	\$ 111,666

Note 8. Concentrations

The Organization received revenue from two donors, which amounted to 24% and 28% of total revenue for the years ended December 31, 2021 and 2020, respectively.

(Continued)

VOICES FOR VIRGINIA'S CHILDREN

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

**(with summarized comparative financial information for
the year ended December 31, 2020)**

Note 9. Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated based on the Organization's time spent on the various support functions. Each year the allocation is reviewed and adjusted based on expected time allotment. The staff time reflects the best estimate of how staff spends their time on activities and work related to the programs of KIDS COUNT, early childhood education, health and mental health, foster care and adoption, family economic success, as well as, administrative and support functions.

Note 10. Liquidity and Availability

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of December 31, 2021 and 2020 are:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,319,875	\$ 1,058,791
Certificates of deposit	-	114,063
Grants and contributions receivable	178,500	170,000
Employee retention credit	45,291	45,291
Accrued interest receivable	-	978
Total financial assets	<u>1,543,666</u>	<u>1,389,123</u>
Less financial assets held to meet internal restrictions or donor imposed restrictions	<u>262,112</u>	<u>270,408</u>
Amounts available for general expenditures within one year	<u>\$ 1,281,554</u>	<u>\$ 1,118,715</u>

As part of its liquidity management, the Organization holds assets including cash and cash equivalents. Management and the Board of Directors regularly monitor liquidity needs of the Organization.

Note 11. Paycheck Protection Program

On April 27, 2020, the Organization received loan proceeds of \$137,700 under the Paycheck Protection Program (the "PPP Loan"). The Paycheck Protection Program was established under the congressionally approved Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and is administered by the Small Business Administration (SBA). The PPP Loan to the Organization was made through Atlantic Union Bank. The term of the loan was two years from the date of funding and the interest rate is 1%. Payments and interest were deferred.

(Continued)

VOICES FOR VIRGINIA'S CHILDREN

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

**(with summarized comparative financial information for
the year ended December 31, 2020)**

Note 11. Paycheck Protection Program (Continued)

On April 12, 2021, the Organization was notified by the lender that the full amount of the PPP loan was forgiven by the SBA, and the Organization was released of any obligation for repayment.

On January 29, 2021, the Organization received additional PPP loan proceeds of \$136,930 through Atlantic Union Bank. On September 17, 2021, the Organization was notified by the lender that the full amount of the PPP loan was forgiven by the SBA, and the Organization was released of any obligation for repayment.

The Organization recorded \$274,630 of loan forgiveness in the statement of activities during the year ended December 31, 2021.

Note 12. Employee Retention Credit (ERC)

The CARES Act also provides an employee retention credit, which is a refundable credit against certain employment taxes of up to \$5,000 per employee for eligible employers during the period from March 13, 2020 through December 31, 2020. The tax credit is equal to 50% of qualified wages paid during a quarter, capped at \$10,000 of qualified wages per employee. The Organization qualified for and recorded a receivable of \$45,291. The claim for refund was processed by the Internal Revenue Service and received on February 19, 2022.

Note 13. New Accounting Pronouncements

On February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). ASU 2016-02 requires that lessees recognize all leases (other than leases with a term of twelve months or fewer) on the balance sheet as lease liabilities, based upon the present value of the lease payments, with corresponding right of use assets. ASU 2016-02 also makes targeted changes to other aspects of current guidance, including identifying a lease and lease classification criteria as well as the lessor accounting model, including guidance on separating components of a contract and consideration in the contract. The standard will require modified retrospective application as of the beginning of the earliest period presented in the financial statements. This Statement is effective for the year ending December 31, 2022.

The Organization is evaluating the requirements of this new accounting guidance and currently believes the new guidance may have a material impact on its statement of financial position but will not materially impact its financial results when adopted. Also, the standard will require additional disclosures in its financial statements.

(Continued)

VOICES FOR VIRGINIA'S CHILDREN

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

**(with summarized comparative financial information for
the year ended December 31, 2020)**

Note 14. Subsequent Events

The Organization evaluated its December 31, 2021 financial statements for subsequent events through June 14, 2022, the date which the financial statements were available for issue.

Note 15. Prior Year Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.