

Audited Financial Statements

Kids' Voice of Indiana, Inc.

June 30, 2021 and 2020



LEMLERGROUP
certified public accountants

Kids' Voice of Indiana, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kids' Voice of Indiana, Inc.
Indianapolis, Indiana

We have audited the accompanying financial statements of Kids' Voice of Indiana, Inc. (Kids' Voice), which comprise the statements of financial position as of June 30, 2021 and 2020, and the statements of activities and changes in net assets, 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. 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 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 Kids' Voice'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 Kids' Voice'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 positions of Kids' Voice as of June 30, 2021 and 2020, and the results of its statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lemler Group, LLC
Indianapolis, Indiana

August 9, 2021

Kids' Voice of Indiana, Inc.

Statements of Financial Position June 30, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,204,714	\$ 310,147
Accounts receivable, net of allowance	14,711	15,626
Contract receivable	252,427	75,027
Prepaid expenses	22,947	-
Total current assets	<u>1,494,799</u>	<u>400,800</u>
Fixed Assets		
Equipment	130,638	130,638
Furniture and fixtures	10,362	10,362
Total fixed assets	<u>141,000</u>	<u>141,000</u>
Accumulated depreciation	(90,994)	(69,639)
Net fixed assets	<u>50,006</u>	<u>71,361</u>
Long-term assets		
Security deposit	7,391	7,391
Investments	1,712,377	1,428,160
Total long-term assets	<u>1,719,768</u>	<u>1,435,551</u>
Total Assets	<u>\$ 3,264,573</u>	<u>\$ 1,907,712</u>

Kids' Voice of Indiana, Inc.

Statements of Financial Position (continued) June 30, 2021 and 2020

	2021	Restated 2020
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 36,505	\$ 17,901
Accrued payroll	242,873	11,186
Line of credit	-	23,342
Note payable, current portion	12,000	12,000
PPP loan	-	21,871
Total current liabilities	291,378	86,300
Long-Term Liabilities		
Deferred revenue	47,569	35,132
Note payable, net of current portion	24,944	37,997
Total long-term liabilities	72,513	73,129
Total Liabilities	363,891	159,429
Net Assets		
Net assets without donor restrictions	508,530	224,852
Net assets with donor restrictions	2,392,152	1,523,431
Total Net Assets	2,900,682	1,748,283
Total Liabilities and Net Assets	\$ 3,264,573	\$ 1,907,712

Kids' Voice of Indiana, Inc.

Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	2021 Total
Operating revenues			
Contributions	\$ 267,568	\$ -	\$ 267,568
City contract	888,376	-	888,376
Foundation grants	190,846	776,500	967,346
Federal grants - VOCA	337,303	-	337,303
Program fees	104,013	-	104,013
Special events (net of \$22,164 expenses)	36,095	-	36,095
Interest	19,927	-	19,927
In-kind donations	73,221	-	73,221
Other revenue	1,417	-	1,417
Total operating revenue	<u>1,918,766</u>	<u>776,500</u>	<u>2,695,266</u>
Net assets released from restrictions	<u>172,738</u>	<u>(172,738)</u>	<u>-</u>
Total operating revenue	<u>2,091,504</u>	<u>603,762</u>	<u>2,695,266</u>
Operating expenses			
Programs			
Guardian ad Litem	519,093	-	519,093
Marion County CASA	906,091	-	906,091
Safe Child Parenting Time	192,224	-	192,224
Children's Law Center	369,861	-	369,861
Management and general	51,021	-	51,021
Fundraising	21,687	-	21,687
Total operating expenses	<u>2,059,977</u>	<u>-</u>	<u>2,059,977</u>
Nonoperating revenue (expenses)			
Net gains (losses) on investments	-	264,959	264,959
PPP forgiveness	252,151	-	252,151
Total nonoperating revenue (expenses)	<u>252,151</u>	<u>264,959</u>	<u>517,110</u>
Net Increase In Net Assets	<u>283,678</u>	<u>868,721</u>	<u>1,152,399</u>
Net Assets, Beginning of Year	224,852	1,523,431	1,748,283
Prior Period Adjustment	-	-	-
Net Assets, Beginning of Year, Restated	<u>224,852</u>	<u>1,523,431</u>	<u>1,748,283</u>
Net Assets, End of Year	<u>\$ 508,530</u>	<u>\$ 2,392,152</u>	<u>\$ 2,900,682</u>

Kids' Voice of Indiana, Inc.

Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Restated 2020 Total
Operating revenues			
Contributions	\$ 104,671	\$ -	\$ 104,671
City contract	-	-	-
Foundation grants	82,828	1,525,000	1,607,828
Federal grants - VOCA	300,600	-	300,600
Program fees	73,458	-	73,458
Special events (net of \$45,550 expenses)	101,835	-	101,835
Interest	4,289	9,376	13,665
In-kind donations	87,204	-	87,204
Other revenue	9,274	-	9,274
Total operating revenue	<u>764,159</u>	<u>1,534,376</u>	<u>2,298,535</u>
Net assets released from restrictions	<u>289,900</u>	<u>(289,900)</u>	<u>-</u>
Total operating revenue	<u>1,054,059</u>	<u>1,244,476</u>	<u>2,298,535</u>
Expenses			
Programs			
Guardian ad Litem	443,186	-	443,186
Marion County CASA	-	-	-
Safe Child Parenting Time	139,953	-	139,953
Children's Law Center	502,044	-	502,044
Management and general	81,641	-	81,641
Fundraising	23,326	-	23,326
Total expenses	<u>1,190,150</u>	<u>-</u>	<u>1,190,150</u>
Nonoperating revenue (expenses)			
Net gains (losses) on investments	1,277	8,654	9,931
PPP forgiveness	208,329	-	208,329
Total nonoperating revenue (expenses)	<u>209,606</u>	<u>8,654</u>	<u>218,260</u>
Net Increase In Net Assets	<u>73,515</u>	<u>1,253,130</u>	<u>1,326,645</u>
Net Assets, Beginning of Year	74,342	270,301	344,643
Prior Period Adjustment	76,995	-	76,995
Net Assets, Beginning of Year, Restated	<u>151,337</u>	<u>270,301</u>	<u>421,638</u>
Net Assets, End of Year	<u>\$ 224,852</u>	<u>\$ 1,523,431</u>	<u>\$ 1,748,283</u>

Kids' Voice of Indiana, Inc.

Statements of Functional Expenses For the Years Ended June 30, 2021 and 2020

	Guardian Ad-Litem	Marion County CASA	Safe Child Parenting Time	Children's Law Center	Total Program	Management and General	Fundraising	2021 Totals
Expenses								
Salaries	\$ 309,762	\$ 605,717	\$ 119,136	\$ 231,698	\$ 1,266,313	\$ 41,280	\$ 16,672	\$ 1,324,265
Payroll taxes	27,163	49,247	10,586	20,770	107,766	229	92	108,087
Employee benefits	25,122	19,596	13,740	22,020	80,478	2,039	824	83,341
Professional services								
Accounting	9,751	8,252	3,750	7,293	29,046	1,299	525	30,870
Volunteers - inkind	46,978	17,715	171	332	65,196	59	24	65,279
Marketing	3,655	21,348	1,650	2,855	29,508	487	1,047	31,042
Supplies	18,049	2,767	4,090	22,846	47,752	970	392	49,114
Information technology	11,954	134,810	5,565	9,844	162,173	1,134	458	163,765
Occupancy	38,885	14,589	26,697	39,009	119,180	1,296	524	121,000
Travel and transportation	6,333	25,738	174	339	32,584	60	254	32,898
Insurance	2,760	4,024	1,061	1,101	8,946	368	149	9,463
Conferences and meetings	3,854	2,288	928	1,008	8,078	180	72	8,330
Bad debts	5,514	-	1,094	2,128	8,736	379	153	9,268
Depreciation	9,206	-	3,541	6,886	19,633	1,227	495	21,355
Interest	107	-	41	1,732	1,880	14	6	1,900
Total expenses	\$ 519,093	\$ 906,091	\$ 192,224	\$ 369,861	\$ 1,987,269	\$ 51,021	\$ 21,687	\$ 2,059,977

	Guardian Ad-Litem	Marion County CASA	Safe Child Parenting Time	Children's Law Center	Total Program	Management and General	Fundraising	Restated 2020 Totals
Expenses								
Salaries	\$ 272,383	\$ -	\$ 86,016	\$ 293,889	\$ 652,288	\$ 50,176	\$ 14,336	\$ 716,800
Payroll taxes	20,686	-	6,533	22,320	49,539	3,811	1,089	54,439
Employee benefits	24,667	-	7,789	26,613	59,069	4,544	1,298	64,911
Professional services								
Accounting	3,093	-	977	3,337	7,407	570	163	8,140
Volunteers - inkind	31,931	-	10,083	34,452	76,466	5,882	1,681	84,029
Marketing	3,143	-	992	3,391	7,526	579	165	8,270
Supplies	16,893	-	5,334	18,226	40,453	3,112	889	44,454
Information technology	8,544	-	2,698	9,219	20,461	1,574	450	22,485
Occupancy	42,370	-	13,380	45,714	101,464	7,805	2,230	111,499
Contracted labor	2,917	-	922	3,149	6,988	538	154	7,680
Travel and transportation	3,537	-	1,116	3,814	8,467	651	186	9,304
Insurance	2,360	-	745	2,546	5,651	435	124	6,210
Conferences and meetings	1,677	-	530	1,809	4,016	309	88	4,413
Bad debts	-	-	-	23,871	23,871	-	-	23,871
Depreciation	8,112	-	2,562	8,752	19,426	1,494	427	21,347
Interest	873	-	276	942	2,091	161	46	2,298
Total expenses	\$ 443,186	\$ -	\$ 139,953	\$ 502,044	\$ 1,085,183	\$ 81,641	\$ 23,326	\$ 1,190,150

Kids' Voice of Indiana, Inc.

Statements of Cash Flows For the Years Ended June 30, 2021 and 2020

	2021	Restated 2020
Reconciliation of Changes in Net Assets to Net Cash Provided By Operating Activities		
Change in net assets	\$ 1,152,399	\$ 1,326,645
Adjustments to Reconcile Increase in Net Assets To Net Cash Provided By Operating Activities		
Forgiveness on PPP	(252,151)	(208,329)
Depreciation expense	21,355	21,347
Bad debt expense	9,268	23,871
(Gains) loss on investments	(264,959)	(9,931)
Decrease (increase) in accounts receivable	(8,353)	(15,358)
Decrease (increase) in contract receivable	(177,400)	1,968
Decrease (increase) in prepaid expenses	(22,947)	-
Increase (decrease) in accounts payable	18,604	(14,907)
Increase (decrease) in accrued payroll	231,687	(18,172)
Increase (decrease) in deferred revenue	12,437	13,255
Net Cash Provided By Operating Activities	719,940	1,120,389
Cash Flow From Investing Activities		
Purchase of fixed assets	-	(29,829)
Redemptions of investments	-	70,000
Purchases of investments	(19,258)	(1,362,988)
Net Cash Used In Investing Activities	(19,258)	(1,322,817)
Cash Flow from Financing Activities		
Advance on line of credit	-	25,000
Payments on line of credit	(23,342)	(1,658)
Advance on note payable	-	60,000
Payments on note payable	(13,053)	(43,253)
Advance on PPP	230,280	230,200
Net Cash Provided By Financing Activities	193,885	270,289
Net Increase in Cash and Cash Equivalents	894,567	67,861
Cash and Cash Equivalents, Beginning of Year	310,147	242,286
Cash and Cash Equivalents, End of Year	\$ 1,204,714	\$ 310,147
Supplemental Disclosure of Cash Flow Information		
Cash paid on interest	\$ 1,900	\$ 2,298

Kids' Voice of Indiana, Inc.

Notes to Financial Statements For the Years Ended June 30, 2021 and 2020

Note 1 – Nature of Activities

Background

Kids' Voice of Indiana, Inc. (Kids' Voice) was founded on July 11, 1985 in Indianapolis, Indiana to protect children's best interests through advocacy and education.

Mission Statement

To serve Indiana's children and families by providing legal education, child advocacy, and family visitation.

Programs

Kids' Voice's has four major programs:

- Marion County Court Appointed Special Advocates (CASA) program – provides staff Guardians ad Litem (GAL) and Court Appointed Special Advocate volunteers for children in the Marion County child welfare system in accordance with Indiana law and as assigned by the judges of the Marion Superior Court. When a child is abused or neglected, a judge may decide the court's ongoing intervention (and the involvement of the Department of Child Services), is required to keep the child safe. Kids' Voice's CASA program is appointed to be "the voice in court" for each one of these children – currently more than 3,500 children in Marion County alone. We get to know the child, advocate for their needs, and present their best interests to the judge who is making consequential decisions on the child's behalf. Volunteers are recruited and trained by Kids' Voice and are critical to serving these children.
- Guardian ad Litem (GAL) program – provides court-appointed GAL representation for children involved in Marion County civil court cases such as guardianship, adoption, divorce, and paternity. Courts strive to make the best decisions possible for children involved in high conflict family law cases, but children themselves must be shielded from their parents' and family members' conflicts as much as possible. The GAL program provides a comprehensive view of the child's situation for the court and parties to consider when determining what is best for a child. Volunteer GALs play the roles of both investigator and advocate. They conduct home visits with children and families, interview various third parties involved in the child's life including teachers and therapists, request and review records including medical, school, and/or department of child services records. After collecting and analyzing this information, GALs prepare a report for the court and the parties. These reports are often the center of the parties' efforts to negotiate, both informally and through mediation. If the parties are unable to reach an agreement, the report is vital in helping courts get a clear picture of what is happening with a particular child and family so judges can make informed decisions for the family. Volunteers are recruited and trained by Kids' Voice and are critical to serving these children.
- Safe Child Parenting Time (SCPT) program – provides safe and fully supervised parenting time (visitation) for children to visit with a parent as required by a court order or the parties' written agreement. SCPT is to ensure the safety of the child when visiting their parent when the court has determined that parent to be a risk to the child's safety. SCPT allows for a child to safely visit with a parent and maintain a healthy relationship with both of their parents, while reducing the sense of loss and/or abandonment that children often experience. The benefit of SCPT is far-reaching. First, a child is safe from witnessing and/or experiencing further abuse. Second, participation gives them the opportunity to begin the healing process, making them healthier and more productive individuals. Finally, it breaks the cycle of abuse for future generations.

Kids' Voice of Indiana, Inc.

Note 1 – Nature of Activities (continued)

- Children's Law Center of Indiana (law center) program – provides legal information and training for lawyers, judges, and child service professionals. These services are available across the entire state. The law center also writes the Indiana Child In Need of Services (CHINS) and Family Law Deskbook, which is a legal reference guide covering all aspects of CHINS, TPR (Termination of the Parent-child Relationship), and family law. This deskbook is distributed and used by judicial officers, department of child services offices, Court Appointed Special Advocate (CASA)/GAL offices, and lawyers around the state. The deskbook, along with many other free educational materials, is available on the Kids' Voice website. Also included in the law center program is a parenting coordinator clinic and statewide GAL training.

Note 2 – Significant Accounting Policies

Accounting Method

Kids' Voice's financial statements were prepared on the accrual basis of accounting.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and other changes during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Kids' Voice evaluated subsequent events through August 9, 2021, which is the date the financial statements were available to be issued. This evaluation determined that there are no subsequent events that necessitated further disclosure in and/or adjustments to the accompanying financial statements.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, Kids' Voice considers all highly liquid instruments with a maturity of three months or less to be considered cash and cash equivalents. The carrying amount of cash approximates fair value due to the type of investments and the maturity dates. There are no cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount Kids' Voice's management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. At June 30, 2021 and 2020, the allowance for doubtful accounts was \$7,052 and \$5,000, respectively. During the years ended June 30, 2021 and 2020, bad debt expense was \$9,268 and \$23,871, respectively.

Contracts Receivable

Contracts receivable are stated at the amount Kids' Voice's management expects to collect from governmental agencies as a part of the agreements. Kids' Voice has cost reimbursement agreements in which governmental agencies remit payments roughly thirty to forty-five days after the reimbursement claim is submitted. In addition, Kid's Voice estimates unbilled amounts included in this receivable due to corresponding expenses that have been accrued and unclaimed. No allowance has been established due to subsequent payments on the billed portions.

Kids' Voice of Indiana, Inc.

Note 2 – Significant Accounting Policies (continued)

Fixed Assets

Kids' Voice's fixed assets are stated at cost and depreciated over estimated useful lives of three to seven years using the straight-line method. Kids' Voice capitalizes items over \$5,000 that have a useful life of one year or more. Expenditures for additions are capitalized. When office equipment is sold, retired, or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income.

Deferred Revenue

Kids' Voice's deferred revenue consists of income from state contracts and office rent. Revenue from state contracts is deferred and recognized over the periods to which the revenue relates and matches corresponding expenses. Rent is recorded on the straight-line method using total base rent and amortizing rent expense over the lease term. Deferred rent represents the amount of rent accrued but not paid. Kids' Voice's deferred revenue consists of the following:

	<u>2021</u>	<u>2020</u>
City contracts	\$ 15,329	\$ 0
Rent	<u>32,240</u>	<u>35,132</u>
	<u>\$ 47,569</u>	<u>\$ 35,132</u>

Net Assets

The financial statements were prepared in accordance with Financial Statements of Not-for-Profit Organizations. This requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are classified as either without or with donor restrictions.

The following class of net assets and a brief description is as follows:

Net Assets Without Donor Restrictions – These amounts are not subject to usage restrictions based on donor-imposed requirements and include general assets and liabilities of Kids' Voice. These amounts also include previously restricted assets where restrictions are met or expired. The net assets without donor restrictions may be used freely at the direction of management to support Kids' Voice's purpose and operations.

Net Assets With Donor Restrictions – These amounts are subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or based on a particular use. Restrictions may be met by the passage of time or by management's actions. Certain assets may be restricted in perpetuity. When a restriction expires, the amount is reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of donor restrictions. Contributions are recorded when the unconditional promise to give is made. Kids' Voice reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

Federal Grants (VOCA) and City Contracts

Federal and city contracts are derived from cost-reimbursable city contracts, which are conditioned upon certain performance requirements and incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Kids' Voice has incurred expenditures in compliance with specific contract provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position.

Kids' Voice of Indiana, Inc.

Note 2 – Significant Accounting Policies (continued)

Foundation Grants

Kids' Voice receives grants for particular purposes and time periods. Conditional grants, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. Conditional grants received in advance of conditions being met are classified as deferred revenue.

In-kind Contributions

Kids' Voice receives in-kind contributions from various donors. Kids' Voice's policy is to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase revenue and other support by a like amount. The majority of in-kind contributions consist of volunteer fees, which is detailed in the Statement of Functional Expenses.

Allocation of Functional Expenses

The costs of providing various programs and other activities are summarized on a functional basis in the statement of activities and changes in net assets and statement of functional expenses. Accordingly, personnel and staffing costs are allocated among the programs and supporting services that benefit from those costs based on estimates of time and effort spent on the related activities. Remaining other costs are actual costs recorded among the programs and supporting services that benefit.

Marketing Expense

Kids' Voice expenses marketing costs as they incur. For the years ended June 30, 2021 and 2020, marketing expenses were \$31,042 and \$8,270, respectively.

Income Taxes

Kids' Voice is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes is made in the financial statements. Kids' Voice is classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Generally accepted accounting principles in the United States require Kids' Voice to examine its tax positions for uncertain positions. Kids' Voice is not aware of any tax positions that are more likely than not to change in the next 12 months, or that would not sustain an examination by applicable taxing authorities. Kids' Voice's policy is to recognize penalties and interest as incurred in its statement of activities as a component of operating expenses, and totaled \$0 for the years ended June 30, 2021 and 2020.

Kids' Voice's federal and state income tax returns are subject to examination by the applicable tax authorities, generally for three years after the later of the original or extended due date.

Reclassifications

Certain accounts in the 2020 financial statements were reclassified for comparative purposes to confirm with the presentation in the 2021 financial statements. Total assets, liabilities, net assets, and changes in net assets were unchanged due to these reclassifications, except for reclassifying investment fees of \$2,043 from expenses on the statement of functional expenses to net gains (losses) on investments on the statement of activities.

Note 3 – Investments and Fair Value

Kids' Voice adopted the provisions of Fair Value Measurements (Fair Value) for measurement of investments that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair Value is defined as the price that would be received to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

Kids' Voice of Indiana, Inc.

Note 3 – Investments and Fair Value (continued)

Fair Value establishes 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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Kids' Voice has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety. Kids' Voice's investments as of June 30, 2021 and 2020 consists of money market accounts, bonds, stocks, and mutual funds. Although these investments are considered short-term, Kids' Voice's management elected to classify these as long-term assets for future mission advancement.

Kids' Voice's investments consists of the following as of June 30, 2021 and 2020.

	<u>Costs or Original Donated Value</u>	<u>June 30, 2021 Market Value</u>	<u>Unrealized Gain (loss)</u>
Money market funds	\$ 28,807	\$ 28,807	\$ 0
Fixed income	447,413	443,806	(3,607)
Mutual funds	<u>1,028,424</u>	<u>1,239,764</u>	<u>211,340</u>
	<u>\$ 1,504,644</u>	<u>\$ 1,712,377</u>	<u>\$ 207,733</u>

	<u>Costs or Original Donated Value</u>	<u>June 30, 2020 Market Value</u>	<u>Unrealized Gain (loss)</u>
Money market funds	\$ 741,822	\$ 742,100	\$ 278
Fixed income	427,338	431,214	3,876
Mutual funds	<u>245,322</u>	<u>254,846</u>	<u>9,524</u>
	<u>\$ 1,414,482</u>	<u>\$ 1,428,160</u>	<u>\$ 13,678</u>

Included in gains (losses) on investments on the statements of activities and changes net assets are the following gains and losses for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Unrealized Gain (Loss)	\$ 207,733	\$ 13,678
Realized Gain (Loss)	68,582	(1,704)
Investment Fees	<u>(11,356)</u>	<u>(2,043)</u>
	<u>\$ 264,959</u>	<u>\$ 9,931</u>

Note 4 – Line of Credit

Kids' Voice has available a line of credit for \$25,000 with PNC Bank. Interest accrues at the bank's prime rate plus 2% (as of June 30, 2021 and 2020 the prime rate was 3.25% and 3.25%, respectively). Interest expense for the years ended June 30, 2021 and 2020 was \$0 and \$1,188, respectively. In August 2020, the line of credit was paid down to zero. The line of credit is reviewed each year and was renewed in May 2021 for another year.

<u>2021</u>	<u>2020</u>
\$ 0	<u>\$23,342</u>

Kids' Voice of Indiana, Inc.

Note 5 – Paycheck Protection Program

Round 1

In April 2020, Kids' Voice received funding in the amount of \$230,200, under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loans and accrued interest are forgivable within a 24-week period as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains other designated thresholds. The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments until the date that the lender receives the forgiveness amount from the SBA. Kids' Voice used the proceeds for purposes consistent with the PPP. Kids' Voice accounts for the PPP Funding in accordance with ASC 958-605 *Revenue Recognition for Nonprofit Entities*. Revenue is recognized when eligible expenses and other conditions are substantially met or incurred.

At June 30, 2020 Kids' Voice recognized revenue of \$208,329 as they determined eligible expenses and other conditions were met regarding the funding and \$21,871 as a PPP loan for the remainder of the funding yet to satisfy the conditions. During the year ended June 30, 2021, Kids' Voice recognized revenue for the remainder of the PPP loan as eligible expenses were met and forgiveness was granted by the SBA.

Round 2

In January 2021, Kids' Voice received funding in the amount of \$230,280, under the PPP round two funding. The PPP, established as part of the CARES Act, provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. Round two funding is similar to round one funding if the applicant has: 1) previously received a PPP round one and has used the full amount only for authorized uses, 2) no more than 300 employees, and 3) demonstrates at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.

At June 30, 2021 Kids' Voice recognized revenue of \$230,280 as they determined eligible expenses and other conditions were met regarding the funding. Kids' Voice believes the entire amount will be forgiven after year end.

Note 6 – Note Payable

Kids' Voice has a note payable to The National Bank of Indianapolis (NBOI), due in 36 monthly installments of \$1,750 plus a variable interest rate at NBOI's prime rate (beginning at 4.5%). The note payable is collateralized by the Market Street Fund Management Account (investments). This note was refinanced during the year ended June 30, 2020. The original loan was \$63,000 and was received on January 5, 2018.

During 2020, Kids' Voice refinanced a note payable with the NBOI. The note payable terms require monthly installments of \$1,000, plus a variable interest rate at NBOI's prime rate (beginning at 5.5%) for 60 months. The interest rate at June 30, 2021 and 2020 was 3.76% and 3.25%, respectively. The note payable is collateralized by the Market Street Fund Management Account (investments) and matures July 26, 2024. Interest expense for the years ended June 30, 2021 and 2020 was \$1,818 and \$1,109, respectively.

	<u>2021</u>	<u>2020</u>
	\$ 0	\$ 0
	<u>\$36,944</u>	<u>\$49,997</u>
	<u>\$36,944</u>	<u>\$49,997</u>

Kids' Voice of Indiana, Inc.

Note 6 – Note Payable (continued)

Estimated future annual maturities of principal payments are as follows:

2022	\$ 12,000
2023	12,000
2024	12,000
2025	<u>944</u>
	<u>\$ 36,944</u>

Note 7 – Net Assets With Donor Restrictions

Kids' Voice has the following net assets with donor restrictions as of June 30, 2021 and 2020:

Support for Endowment and Development Capacity

Kids' Voice received an endowment and development capacity grant for \$1,500,000 for the grant period of December 2019 until December 2022. The endowment portion (\$1,340,000) and development capacity portion (\$160,000) is recognized as restricted revenue in accordance with the agreement during the year ended June 30, 2020.

The net asset with donor restrictions includes assets related to donor-imposed restrictions that have not been met, whether for a specified purpose or for later periods of time, or after specified dates. These net assets with donor restrictions are comprised of the following as of June 30, 2021 and 2020:

	2021	2020
Subject for specific purpose		
Law center, enhanced and expanded community mobile law program	\$ 0	\$ 26,355
Parent coordination and guardianship clinics	0	5,011
Development capacity	123,046	134,035
Children's law center	<u>634,349</u>	<u>0</u>
Total subject to specific purposes	757,395	165,401
Endowment subject to spending policies for specific purpose		
Endowment	1,340,000	1,340,000
Interest and market change	<u>294,757</u>	<u>18,030</u>
Total endowment subject to spending policies for specific purpose	<u>1,634,757</u>	<u>1,358,030</u>
Total Net Assets With Donor Restrictions	<u>\$ 2,392,152</u>	<u>\$1,523,431</u>

Net assets that were released from donor restrictions by satisfying the purpose or time restrictions specified by the donors during the years ended June 30, 2021 and 2020 are:

	2021	2020
Subject for specific purpose		
Law center, enhanced and expanded community mobile law program	\$ 26,355	\$ 32,869
Parent coordination and guardianship clinics	5,011	230,991
Development capacity	0	26,040
Children's law center	<u>141,372</u>	<u>0</u>
Total Net Assets With Donor Restrictions Released From Restrictions	<u>\$172,738</u>	<u>\$289,900</u>

Kids' Voice has one endowment fund.

- During the year ended June 30, 2020, Kids' Voice received an endowment fund worth \$1,340,000 (the "historic dollar value"), which is subject to spending policies and grant requirements, with the focus on capacity building. Kids' Voice will invest and make withdrawals from the grant fund in a manner consistent with applicable laws governing donor-designated endowments. Even if such laws permit withdrawals that would cause the fair market value of the grant fund to drop or remain below the historic dollar value of the grant, Kids' Voice agrees that it will preserve and replenish the historic dollar value of the grant. Each year on the valuation date of March 31st:

Kids' Voice of Indiana, Inc.

Note 7 – Net Assets With Donor Restrictions (continued)

Kids' Voice has one endowment fund (continued)

- 1) If the endowment fund is less than the historic dollar value of the grant, Kids' Voice is allowed 2% of the endowment fund balance during the next fiscal year. This maximum spending limit shall continue until the grant fund balance exceeds the historic dollar value of the grant.
- 2) If the endowment fund balance is greater than the historic dollar value of the grant, Kids' Voice may spend any percentage or amount of the endowment fund as is consistent with its prudent spending policies for donor-designated endowments and applicable law; provided, however, that if such spending would cause the endowment fund balance as calculated on that valuation date to fall below the historic dollar value of the grant, then spending for Kids' Voice's next fiscal year shall be limited to the greater of (i) the excess of the endowment fund balance on that valuation date over the historic dollar value of the grant or (ii) 2% of the endowment fund balance on that valuation date.

From time to time, endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). Kids' Voice is spending from underwater endowments in accordance with prudent measures required under law with discussions with the investment advisor and donor.

Kids' Voice has a policy of appropriating for distribution each year 4.5% of its endowment fund's average fair value using one of the following methods: 1) average value of the endowment using the trailing 12 quarters, 2) average value of the endowment using the trailing four quarters or 3) value of the endowment using the most recent quarter on the valuation date. Changes to the percentage of funds appropriated for distribution must be approved by the Finance Committee or Board of Directors. The percentage appropriated for expenditure shall never exceed 10% of the endowment fund's average fair value.

Note 8 – Accounting Service Agreement

Kids' Voice entered into an accounting service agreement with Financial Technologies & Management, an unrelated entity. The service agreement allows a fee for monthly bookkeeping, consulting, and additional services rendered, plus additional office supplies. In June 2021, Kids' Voice ended this service agreement. For the years ended June 30, 2021 and 2020, accounting expenses amounted to \$30,870 and \$8,140, respectively, and was included in accounting expenses on the statement of functional expenses.

Note 9 – Retirement Plan

Kids' Voice offers a 403(b)-retirement plan that is exempt from ERISA provisions. The plan is administered and monitored by American Funds. Employees that are over 21 years old and are considered full time are eligible for enrollment. Employees are eligible to make a payroll deduction of a selected percentage or amount not to exceed the Internal Revenue Service limits. Kids' Voice does not match employees' contributions.

Subsequent to year end, Kids' Voice ended their 403(b)-retirement plan and began enrollment into a 401(k) Plan, where employees may contribute based on the plan documents. Employees over 21 years old are eligible for the plan and all contributions are immediately 100% vested. Kids' Voice matches 100% of every \$1 of employee contributions up to 3%, then matches 50% of every \$1 of employee contributions of the next 2%.

Kids' Voice of Indiana, Inc.

Note 10 – Liquidity

Kids' Voice's liquidity management consists of the following quantitative and qualitative measurements:

Quantitative measurement - Kids' Voice's resources available for general use within one year at June 30, 2021 and 2020 were:

	2021	Restated 2020
Financial assets (current assets)	\$ 1,494,799	\$ 400,800
Not available within one year (prepaid expenses)	(22,947)	-
Restricted cash	(911,220)	(165,401)
Total financial assets at year end	560,632	235,399
Less current obligations (current liabilities)	(291,378)	(86,300)
Financial assets available for general use within one year	\$ 269,254	\$ 149,099

Qualitative measurement - Kids' Voice receives a significant amount of its support through contributions and grants. Because these contributions and grants require resources to be used in a particular manner or in a future period, Kids' Voice must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. In the course of business, management structures Kids' Voice's financial assets to be available as its general expenditures, liabilities, and other obligations come due, and endeavors to maintain cash balances equal to approximately four months of annual operating expenses. Should Kids' Voice have operating shortfalls, investments are available for the short-term.

Note 11 – Operating Leases

On January 1, 2019, Kids' Voice signed an office lease for \$7,391 per month which increases annually by a stated amount. The lease term is for 84 months (5 months free) with a security deposit of \$7,391. In accordance with accounting for leases under professional standards, Kids' Voice amortized the total lease payments over the term of the lease. As of June 30, 2021 and 2020, Kids' Voice had a deferred rent payable of \$32,240 and \$35,132, respectively.

Kids' Voice has two office equipment leases for \$105 per month plus usage for 63 months. The first lease began in January 2019 and the second lease began in February 2021.

For the years ended June 30, 2021 and 2020, rent and various lease expenses amounted to \$83,268 and \$97,785, respectively, and was included in occupancy expenses in the Statement of Functional Expenses.

Future minimum lease payments on the facilities lease having non-cancelable terms beyond June 30, 2021 are as follows:

2022	\$ 94,260
2023	95,624
2024	96,989
2025	98,040
2026	73,696
Thereafter	0
	\$ 458,609

Kids' Voice of Indiana, Inc.

Note 12 – Concentrations and Contingencies

Concentrations in Credit Risk

Kids' Voice maintains cash balances in financial institutions. The bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The total uninsured balances in these accounts as of June 30, 2021 and 2020 were \$820,061 and \$0, respectively.

Concentrations in Major Funding Sources

For the year ended June 30, 2021, three funding sources made up 64% of total revenue and two funding sources made up 92% of receivables. For the year ended June 30, 2020, two funding sources made up 72% of total revenue and one funding source made up 78% of receivables.

Contingencies in Government Awards

Financial awards from federal, state, and local entities are subject to financial and compliance audits. Such audits could result in claims against Kids' Voice for disallowed costs or noncompliance with grantor restrictions. No provision was made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

Note 13 – Coronavirus

In March 2020, the outbreak of COVID-19 (coronavirus) was recognized as a pandemic by the World Health Organization, and the outbreak has become widespread in the United States. The outbreak has had a notable impact on general economic conditions with many unknown effects. Kids' Voice continues to monitor the impact of the coronavirus outbreak closely. The extent to which the coronavirus outbreak will impact its operations or financial results is uncertain.

Note 14 – Prior Period Adjustment and Restatement of 2020 Financial Results

During the year ended June 30, 2020, Kids' Voice discovered a 2019 restatement and prior period adjustment during application of the revenue recognition standard during the year ended June 30, 2021. This related to reporting federal pass-through funds.

- Restatement – Contract receivable increased by \$75,027, federal grants (VOCA) increased by \$1,968 and changes in net assets increased by \$76,995.
- Prior period adjustment – Contract receivable and changes in net assets without donor restrictions increased by \$76,995.

Kids' Voice of Indiana, Inc.

Schedule of Lead Auditor For the Years Ended June 30, 2021 and 2020

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