

Audited Financial Statements

Kids' Voice of Indiana, Inc.

June 30, 2022 and 2021



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

Opinion

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, 2022 and 2021, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years 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 Kids' Voice as of June 30, 2022 and 2021, and the statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Kids' Voice 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 Kids' Voice's 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 Kids' Voice'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 Kids' Voice's ability 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.



Lemler Group, LLC
Indianapolis, Indiana

August 26, 2022

Kids' Voice of Indiana, Inc.

Statements of Financial Position June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 878,583	\$ 1,204,714
Accounts receivable, net of allowance	23,680	14,711
Contract receivable	608,425	252,427
Prepaid expenses	29,844	22,947
Total current assets	<u>1,540,532</u>	<u>1,494,799</u>
Fixed Assets		
Equipment	102,271	130,638
Furniture and fixtures	10,362	10,362
Total fixed assets	<u>112,633</u>	<u>141,000</u>
Accumulated depreciation	(83,091)	(90,994)
Net fixed assets	<u>29,542</u>	<u>50,006</u>
Long-term assets		
Security deposit	7,391	7,391
Investments	1,413,769	1,712,377
Total long-term assets	<u>1,421,160</u>	<u>1,719,768</u>
Total Assets	<u>\$ 2,991,234</u>	<u>\$ 3,264,573</u>

Kids' Voice of Indiana, Inc.

Statements of Financial Position (continued) June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 117,694	\$ 36,505
Accrued payroll	284,173	242,873
Note payable, current portion	12,000	12,000
Total current liabilities	<u>413,867</u>	<u>291,378</u>
Long-Term Liabilities		
Deferred revenue	74,607	47,569
Note payable, net of current portion	12,944	24,944
Total long-term liabilities	<u>87,551</u>	<u>72,513</u>
 Total Liabilities	 <u>501,418</u>	 <u>363,891</u>
Net Assets		
Net assets without donor restrictions	672,644	508,530
Net assets with donor restrictions	1,817,172	2,392,152
Total Net Assets	<u>2,489,816</u>	<u>2,900,682</u>
 Total Liabilities and Net Assets	 <u>\$ 2,991,234</u>	 <u>\$ 3,264,573</u>

Kids' Voice of Indiana, Inc.

Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	2022 Total
Operating revenues			
Contributions	\$ 136,602	\$ 21,782	\$ 158,384
City contract	6,987,395	-	6,987,395
Foundation grants	135,842	15,000	150,842
Federal grants - VOCA	714,744	-	714,744
Program fees	135,107	-	135,107
Special events (net of \$44,966 expenses)	71,751	-	71,751
Interest	969	19,033	20,002
In-kind donations	216,980	-	216,980
Other revenue	1,884	-	1,884
Total operating revenue	<u>8,401,274</u>	<u>55,815</u>	<u>8,457,089</u>
Net assets released from restrictions	<u>391,651</u>	<u>(391,651)</u>	<u>-</u>
Total operating revenue	<u>8,792,925</u>	<u>(335,836)</u>	<u>8,457,089</u>
Operating expenses			
Programs			
GAL/CASA	7,948,964	-	7,948,964
Safe Child Parenting Time	169,571	-	169,571
Children's Law Center	273,729	-	273,729
Management and general	100,014	-	100,014
Fundraising	127,559	-	127,559
Total operating expenses	<u>8,619,837</u>	<u>-</u>	<u>8,619,837</u>
Nonoperating revenue (expenses)			
Net gains (losses) on investments	(8,974)	(239,144)	(248,118)
PPP forgiveness	-	-	-
Total nonoperating revenue (expenses)	<u>(8,974)</u>	<u>(239,144)</u>	<u>(248,118)</u>
Net Increase (Decrease) In Net Assets	164,114	(574,980)	(410,866)
Net Assets, Beginning of Year	<u>508,530</u>	<u>2,392,152</u>	<u>2,900,682</u>
Net Assets, End of Year	<u>\$ 672,644</u>	<u>\$ 1,817,172</u>	<u>\$ 2,489,816</u>

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	4,818	15,109	19,927
In-kind donations	73,221	-	73,221
Other revenue	1,417	-	1,417
Total operating revenue	<u>1,903,657</u>	<u>791,609</u>	<u>2,695,266</u>
Net assets released from restrictions	<u>187,847</u>	<u>(187,847)</u>	<u>-</u>
Total operating revenue	<u>2,091,504</u>	<u>603,762</u>	<u>2,695,266</u>
Expenses			
Programs			
GAL/CASA	1,425,184	-	1,425,184
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 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	283,678	868,721	1,152,399
Net Assets, Beginning of Year	<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.

Statements of Functional Expenses For the Years Ended June 30, 2022 and 2021

	GAL/CASA	Safe Child Parenting Time	Children's Law Center	Total Program	Management and General	Fundraising	2022 Totals
Expenses							
Salaries	\$ 5,204,041	\$ 101,467	\$ 182,149	\$ 5,487,657	\$ 69,144	\$ 78,417	\$ 5,635,218
Payroll taxes	425,969	7,623	13,685	447,277	5,195	5,892	458,364
Employee benefits	523,545	9,205	16,524	549,274	6,272	7,114	562,660
Retirement	94,280	5,011	8,995	108,286	3,415	3,873	115,574
Professional services	-			-			
Accounting	8,946	143	257	9,346	97	110	9,553
Professional Fees	151,893	3,324	5,967	161,184	2,265	2,569	166,018
Volunteers - inkind	205,312	2,764	4,862	212,938	1,791	2,251	216,980
Marketing, outreach and recruitment	104,202	64	114	104,380	43	13,959	118,382
Supplies	28,514	812	10,117	39,443	553	627	40,623
Information technology	213,563	7,779	13,964	235,306	5,301	6,011	246,618
Occupancy	611,914	24,573	4,840	641,327	1,837	2,083	645,247
Dues and subscriptions	17,880	2,428	4,900	25,208	1,655	1,876	28,739
Travel and transportation	228,820	1,059	2,805	232,684	722	819	234,225
Insurance	46,179	453	813	47,445	308	350	48,103
Conferences and meetings	31,988	839	98	32,925	37	42	33,004
Youth enrichment initiatives	13,394	-	-	13,394	-	-	13,394
Bad debt	22,536	-	-	22,536	-	-	22,536
Depreciation	12,399	1,898	3,408	17,705	1,292	1,467	20,464
Interest	3,589	129	231	3,949	87	99	4,135
Total expenses	<u>\$ 7,948,964</u>	<u>\$ 169,571</u>	<u>\$ 273,729</u>	<u>\$ 8,392,264</u>	<u>\$ 100,014</u>	<u>\$ 127,559</u>	<u>\$ 8,619,837</u>
	GAL/CASA	Safe Child Parenting Time	Children's Law Center	Total Program	Management and General	Fundraising	2021 Totals
Expenses							
Salaries	\$ 915,479	\$ 119,136	\$ 231,698	\$ 1,266,313	\$ 41,280	\$ 16,672	\$ 1,324,265
Payroll taxes	76,410	10,586	20,770	107,766	229	92	108,087
Employee benefits	44,718	13,740	22,020	80,478	2,039	824	83,341
Professional services	-			-			
Accounting	18,003	3,750	7,293	29,046	1,299	525	30,870
Professional fees	14,567	7,775	11,487	33,829	829	335	34,993
Volunteers - inkind	64,693	171	332	65,196	59	24	65,279
Marketing, outreach and recruitment	25,003	1,650	2,855	29,508	487	1,047	31,042
Supplies	13,254	2,683	14,580	30,517	794	216	31,527
Information technology	146,764	5,565	9,844	162,173	1,134	458	163,765
Occupancy	38,907	18,922	27,522	85,351	467	189	86,007
Dues and subscriptions	7,562	1,407	8,266	17,235	176	176	17,587
Travel and transportation	32,071	174	339	32,584	60	254	32,898
Insurance	6,784	1,061	1,101	8,946	368	149	9,463
Conferences and meetings	6,142	928	1,008	8,078	180	72	8,330
Youth enrichment initiatives	-	-	-	-	-	-	-
Bad debt	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	<u>\$ 1,425,184</u>	<u>\$ 192,224</u>	<u>\$ 369,861</u>	<u>\$ 1,987,269</u>	<u>\$ 51,021</u>	<u>\$ 21,687</u>	<u>\$ 2,059,977</u>

Kids' Voice of Indiana, Inc.

Statements of Cash Flows For the Years Ended June 30, 2022 and 2021

	2022	2021
Reconciliation of Changes in Net Assets to		
Net Cash Provided By (Used In) Operating Activities		
Change in net assets	\$ (410,866)	\$ 1,152,399
Adjustments to Reconcile Increase in Net Assets To		
Net Cash Provided By (Used In) Operating Activities		
Forgiveness on PPP	-	(252,151)
Depreciation expense	20,464	21,355
Bad debt expense	22,536	9,268
(Gains) loss on investments	248,118	(264,959)
Decrease (increase) in accounts receivable	(31,505)	(8,353)
Decrease (increase) in contract receivable	(355,998)	(177,400)
Decrease (increase) in prepaid expenses	(6,897)	(22,947)
Increase (decrease) in accounts payable	81,189	18,604
Increase (decrease) in accrued payroll	41,300	231,687
Increase (decrease) in deferred revenue	27,038	12,437
Net Cash Provided By (Used In) Operating Activities	(364,621)	719,940
Cash Flow From Investing Activities		
Redemptions of investments	70,000	-
Purchases of investments	(19,510)	(19,258)
Net Cash Provided By (Used In) Investing Activities	50,490	(19,258)
Cash Flow from Financing Activities		
Payments on line of credit	-	(23,342)
Payments on note payable	(12,000)	(13,053)
Advance on PPP	-	230,280
Net Cash Provided By (Used In) Financing Activities	(12,000)	193,885
Net Increase (Decrease) in Cash and Cash Equivalents	(326,131)	894,567
Cash and Cash Equivalents, Beginning of Year	1,204,714	310,147
Cash and Cash Equivalents, End of Year	\$ 878,583	\$ 1,204,714
Supplemental Disclosure of Cash Flow Information		
Cash paid on interest	\$ 4,135	\$ 1,900

Kids' Voice of Indiana, Inc.

Notes to Financial Statements For the Years Ended June 30, 2022 and 2021

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 three major programs:

- Guardian ad Litem and Court Appointed Special Advocate (GAL/CASA) Program - consists of the following activities:
 - Marion County Court Appointed Special Advocates (CASA) – provides staff Guardians ad Litem (GAL) attorneys 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) – 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 supported by attorneys and other program staff, 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.

Kids' Voice of Indiana, Inc.

Note 1 – Nature of Activities (continued)

Programs (continued)

- 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.
- 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 are 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 26, 2022, 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, 2022 and 2021, the allowance for doubtful accounts is \$7,052 and \$7,052, respectively. During the years ended June 30, 2022 and 2021, bad debt expense is \$22,536 and \$9,268, respectively.

Kids' Voice of Indiana, Inc.

Note 2 – Significant Accounting Policies (continued)

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 30 to 45 days after the reimbursement claim is submitted. In addition, Kids' Voice estimates unbilled amounts included in this receivable due to corresponding expenses that are accrued and unclaimed. No allowance is established due to subsequent payments on the billed portions.

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 with a unit cost over \$5,000 that have a useful life of three years or more. Expenditures below these thresholds are charged to operations when incurred. During 2022 and 2021, Kids' Voice purchased certain office equipment, technology, and furniture that did not meet the Organization's capitalization policy and are therefore included in operating expenses under occupancy and information technology on the Statements of Functional Expenses. When fixed assets are 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>2022</u>	<u>2021</u>
City contracts	\$ 46,623	\$ 15,329
Rent	<u>27,984</u>	<u>32,240</u>
	<u>\$ 74,607</u>	<u>\$ 47,569</u>

Net Assets

The financial statements are 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.

Kids' Voice of Indiana, Inc.

Note 2 – Significant Accounting Policies (continued)

Federal Grants (VOCA) and City Contracts

Federal and city contracts are derived from cost-reimbursable 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.

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 are 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, Outreach and Recruitment Expense

Kids' Voice expenses marketing, outreach and recruitment costs as they incur. For the years ended June 30, 2022 and 2021, marketing, outreach and recruitment expenses are \$118,382 and \$31,042, 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, 2022 and 2021.

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 2021 financial statements are reclassified for comparative purposes to conform with the presentation in the 2022 financial statements. Total assets, liabilities, net assets, and changes in net assets are unchanged due to these reclassifications.

Kids' Voice of Indiana, Inc.

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.

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, 2022 and 2021 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 consist of the following as of June 30, 2022 and 2021.

	<u>Costs or Original Donated Value</u>	<u>June 30, 2022 Market Value</u>	<u>Unrealized Gain (loss)</u>
Money market funds	\$ 62,603	\$ 62,603	\$ 0
Fixed income	451,753	408,160	(43,593)
Mutual funds	<u>1,023,998</u>	<u>943,006</u>	<u>(80,992)</u>
	<u>\$ 1,538,354</u>	<u>\$ 1,413,769</u>	<u>\$ (124,585)</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>

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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Unrealized Gain (Loss)	\$ (124,585)	\$ 207,733
Realized Gain (Loss)	(111,278)	68,582
Investment Fees	<u>(12,255)</u>	<u>(11,356)</u>
	<u>\$ (248,118)</u>	<u>\$ 264,959</u>

Kids' Voice of Indiana, Inc.

Note 4 – Line of Credit

	<u>2022</u>	<u>2021</u>
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, 2022 and 2021 the prime rate was 4.25% and 3.25%, respectively). Interest expense for the years ended June 30, 2022 and 2021 is \$0 and \$0, respectively. The line of credit is reviewed each year and was renewed in May 2022 for another year.	<u>\$ 0</u>	<u>\$ 0</u>

Kids' Voice has available a line of credit for \$600,000 with National Bank of Indianapolis. Interest accrues at the bank's prime rate plus 1% (as of June 30, 2022 and 2021 the prime rate was 4.75% and 3.25%, respectively). Interest expense for the years ended June 30, 2022 and 2021 is \$2,934 and \$0, respectively. The line of credit is reviewed each year and is expected to be renewed in November 2022 for another year.	<u>\$ 0</u>	<u>\$ 0</u>
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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 (\$21,871) 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) demonstrated 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. Full forgiveness was granted by the SBA on January 31, 2022.

Kids' Voice of Indiana, Inc.

Note 6 – Note Payable

Kids' Voice has a note payable with National Bank of Indianapolis (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, 2022 and 2021 was 3.75% and 3.75%, 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, 2022 and 2021 is \$1,201 and \$1,818, respectively.

2022	2021
\$ 24,944	\$ 36,944

Estimated future annual maturities of principal payments are as follows:

2023	\$ 12,000
2024	12,000
2025	944
	\$ 24,944

Note 7 – Net Assets With Donor Restrictions

Kids' Voice has the following net assets with donor restrictions as of June 30, 2022 and 2021:

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, 2022 and 2021:

	2022	2021
Subject for specific purpose		
Development capacity and sustainability	\$ 64,436	\$ 123,046
Children's law center	388,466	634,349
Youth enrichment initiatives	15,568	0
Internships	3,580	0
Total subject to specific purposes	472,050	757,395
Endowment subject to spending policies for specific purpose		
Endowment	1,340,000	1,340,000
Interest and market change	5,122	294,757
Total endowment subject to spending policies for specific purpose	1,345,122	1,634,757
Total Net Assets With Donor Restrictions	\$ 1,817,172	\$ 2,392,152

Net assets that are released from donor restrictions by satisfying the purpose or time restrictions specified by the donors during the years ended June 30, 2022 and 2021 are:

	2022	2021
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 and sustainability	128,133	15,109
Youth enrichment initiatives	13,715	0
Internships	3,920	0
Children's law center	245,883	141,372
Total Net Assets With Donor Restrictions Released From Restrictions	\$391,651	\$187,847

Kids' Voice of Indiana, Inc.

Note 7 – Net Assets With Donor Restrictions (continued)

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:
 - 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, 2022 and 2021, accounting expenses amount to \$980 and \$15,172, respectively, and is included in accounting expenses on the statement of functional expenses.

Note 9 – Retirement Plan

Beginning July 1, 2021, Kids' Voice started 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%. Matching contributions made during the years ended June 30, 2022 and 2021 are \$115,574 and \$0, respectively.

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, 2022 and 2021 are:

	<u>2022</u>	<u>2021</u>
Financial assets (current assets)	\$ 1,540,532	\$ 1,494,799
Not available within one year (prepaid expenses)	(29,844)	(22,947)
Total financial assets at year end	1,510,688	1,471,852
Less current obligations (current liabilities)	(413,867)	(291,378)
Financial assets available for general use within one year	<u>\$ 1,096,821</u>	<u>\$ 1,180,474</u>

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 and a line of credit 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, 2022 and 2021, Kids' Voice has a deferred rent payable of \$27,984 and \$32,240, respectively.

On October 19, 2021, Kids' Voice signed another lease for additional office space. This lease is \$127,006 annually, made in four quarterly installments of \$31,752. The lease began in February 2022 and is for 60 months (ends February 2027). The lease has no common area maintenance provision until calendar year 2024.

Kids' Voice has two office equipment leases for \$129 per month plus usage for 63 months and another for \$124 per month plus usage for 63 months. The first lease began in January 2019 and the second lease began in February 2021, respectfully.

For the years ended June 30, 2022 and 2021, rent and various lease expenses amount to \$124,737 and \$83,268, respectively, and is 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, 2022 are as follows:

2023	\$ 223,164
2024	224,528
2025	225,507
2026	200,905
2027	74,087
	<u>\$ 948,191</u>

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, 2022 and 2021 are \$540,026 and \$820,061, respectively.

Concentrations in Major Funding Sources

For the year ended June 30, 2022, two funding sources made up 94% of total revenue and two funding sources made up 12% of receivables. 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.

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 is 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.

Kids' Voice of Indiana, Inc.

Schedule of Lead Auditor For the Years Ended June 30, 2022 and 2021

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