

**SUNCOAST VOICES FOR
CHILDREN FOUNDATION, INC.**

FINANCIAL STATEMENTS

*As of and for the Year Ended December 31, 2018
(With Summarized Financial Information for 2017)*

And Report of Independent Auditor

SUNCOAST VOICES FOR CHILDREN FOUNDATION, INC.

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Report of Independent Auditor

To the Board of Directors
Suncoast Voices for Children Foundation, Inc.
Largo, Florida

We have audited the accompanying financial statements of Suncoast Voices for Children Foundation, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, cash flows, and functional expenses for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2018, 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.

Emphasis of Matter*Adoption of New Accounting Pronouncement*

As discussed in Note 1 to the financial statements, for the year ended December 31, 2018, the Organization adopted Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Organization’s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 13, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects (except as disclosed in Note 1), with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Cherry Bekaert LLP". The signature is written in a cursive, flowing style.

Tampa, Florida
August 30, 2019

SUNCOAST VOICES FOR CHILDREN FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash	\$ 125,129	\$ 189,159
Gift card inventory	1,995	2,944
Prepaid expenses	12,120	4,922
Pledges receivable	18,800	12,500
Total Current Assets	<u>158,044</u>	<u>209,525</u>
Equipment, net	681	1,363
Total Assets	<u><u>\$ 158,725</u></u>	<u><u>\$ 210,888</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 2,440	\$ 9,399
Total Liabilities	<u>2,440</u>	<u>9,399</u>
Net Assets:		
Without donor restrictions	147,505	181,489
With donor restrictions	8,780	20,000
Total Net Assets	<u>156,285</u>	<u>201,489</u>
Total Liabilities and Net Assets	<u><u>\$ 158,725</u></u>	<u><u>\$ 210,888</u></u>

SUNCOAST VOICES FOR CHILDREN FOUNDATION, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017)

	Without Donor Restrictions	With Donor Restrictions	Total 2018	2017
Revenue and Other Support:				
Grant revenue	\$ 13,000	\$ -	\$ 13,000	\$ 12,100
Special events, net of direct benefits to donors	214,484	-	214,484	189,551
Donations and other income	161,343	8,780	170,123	199,449
Total Revenue and Other Support	388,827	8,780	397,607	401,100
Net assets released from restriction:				
Satisfaction of purpose	20,000	(20,000)	-	-
Total Revenue	408,827	(11,220)	397,607	401,100
Expenses:				
Individual assistance - children	350,352	-	350,352	263,956
Management and general	29,968	-	29,968	31,321
Fundraising	62,491	-	62,491	27,965
Total Expenses	442,811	-	442,811	323,242
Change in net assets	(33,984)	(11,220)	(45,204)	77,858
Net assets, beginning of year	181,489	20,000	201,489	123,631
Net assets, end of year	<u>\$ 147,505</u>	<u>\$ 8,780</u>	<u>\$ 156,285</u>	<u>\$ 201,489</u>

SUNCOAST VOICES FOR CHILDREN FOUNDATION, INC.
STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ (45,204)	\$ 77,858
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation expense	682	682
Changes in operating assets and liabilities:		
Gift card inventory	949	2,787
Prepaid expenses	(7,198)	(4,922)
Pledge receivable	(6,300)	17,500
Accounts payable and accrued expenses	(6,959)	5,366
Net cash flows from operating activities	<u>(64,030)</u>	<u>99,271</u>
Cash flows from investing activities:		
Purchase of equipment	-	(2,045)
Net cash from investing activities	<u>-</u>	<u>(2,045)</u>
Net change in cash	(64,030)	97,226
Cash, beginning of year	189,159	91,933
Cash, end of year	<u>\$ 125,129</u>	<u>\$ 189,159</u>

SUNCOAST VOICES FOR CHILDREN FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017)

	Program Services			Total 2018	2017
	Individual Assistance - Children	Management and General	Fundraising		
Individual specific assistance	\$ 285,079	\$ -	\$ -	\$ 285,079	\$ 201,227
Personnel costs	50,261	13,283	18,951	82,495	75,939
Fundraising events	-	-	36,055	36,055	17,158
Office expense	3,827	8,710	2,257	14,794	6,731
Program awareness	3,293	904	2,316	6,513	1,775
Professional services	-	3,000	-	3,000	5,900
Insurance	904	453	452	1,809	1,808
Rent	6,376	2,033	832	9,241	9,241
Depreciation expense	-	682	-	682	682
Other miscellaneous expense	612	903	1,628	3,143	2,781
Total Expenses	\$ 350,352	\$ 29,968	\$ 62,491	\$ 442,811	\$ 323,242

SUNCOAST VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

Note 1—Organization and summary of significant accounting policies

Organization – Suncoast Voices for Children Foundation, Inc. (the “Organization”) is a nonprofit corporation, incorporated May 17, 2004. The Organization provides financial assistance and community resources in Pinellas and Pasco counties (Florida) to fulfill the unmet needs of abused and neglected children in the dependency system.

New Accounting Pronouncement – In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (“ASU 2016-14”). The Organization has adjusted the presentation of financial statements accordingly. The new standard changes the following aspects of the Organization’s financial statements:

- The financial statements include a new disclosure about liquidity and availability of resources (see Note 6).
- The financial statements include new disclosures related to functional allocation of expenses (see Note 1).
- Net assets are now classified as either net assets without donor restrictions or net assets with donor restrictions.
- The financial statements require expanded disclosures on the components and changes of net assets with donor restrictions (see Note 3).

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Net assets, revenues, and other support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as without donor restrictions or with donor restrictions. The Organization records all revenues and other support that are spent in the same fiscal year as revenue without donor restrictions, if a donor restriction existed.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue of the net assets without donor restrictions class.

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions, and are reported in the statement of activities as net assets released from restriction.

Special events revenue is reported net of expenses incurred representing direct benefits to donors, totaling approximately \$39,000 during the year ended December 31, 2018.

Gift Card Inventory – Gift card inventory consists of contributed gift cards and vouchers held for future program needs and are stated at the fair value of the gift card at the date of donation and reduced by subsequent charges against the cards for purchases.

Prepaid Expenses – Prepaid expenses consist of expenditures paid prior to December 31, 2018, but for which the underlying asset will not be consumed until a future period.

SUNCOAST VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

Note 1—Organization and summary of significant accounting policies (continued)

Pledges Receivable – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. The Organization uses the allowance method to determine uncollectable receivables. Management determined no allowance for uncollectable pledges was necessary as of December 31, 2018.

Equipment – Equipment is stated at cost, if purchased, or at estimated fair value at the date of receipt if acquired by gift. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets (three years). Major renewals and betterments are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. It is the policy of the Organization to maintain all equipment in good condition.

Donated Services and Materials – Donated materials are recognized at their estimated fair market value at the date of receipt. Donated services are recorded at their estimated fair value if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteers have donated substantial time to the Organization in various capacities. The value of this contributed time is not reflected in the financial statements because it does not meet the above recognition criteria.

Office rent and other services have been provided to the Organization gratis. The difference between the actual charge and the estimated fair market value is reflected as donations and other income in the accompanying statement of activities. The total amount of this in-kind revenue was approximately \$34,000 for the year ended December 31, 2018. An expense is recorded to offset the in-kind revenue so that in-kind revenue equals in-kind expense and is included in individual specific assistance, office expense, professional services, and rent in the accompanying statement of functional expenses.

Functional Allocation of Expenses – The costs of providing the various program and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses are allocated between program, supporting, and fundraising services based upon time and effort incurred with the exception of rent which is allocated based on square footage utilized for certain functions.

Income Taxes – The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made. Management has evaluated the effect of the guidance by U.S. GAAP. Management believes that the Organization continues to satisfy the requirements of a tax-exempt organization at December 31, 2018.

Use of Estimates – Management of the Organization has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in accordance with U.S. GAAP. Actual results could differ from those estimates.

Subsequent Events – Management has considered subsequent events through August 30, 2019, the date the financial statements were available to be issued, in connection with the preparation of these financial statements.

SUNCOAST VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

Note 1—Organization and summary of significant accounting policies (continued)

Summarized Financial Information for 2017 – The financial statements include certain prior year summarized comparative information in total but not by net asset class or by functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2017, from which the summarized information was derived. Due to the adoption of ASU 2016-14, the Organization has adjusted the presentation of the financial statements accordingly. Net assets previously classified as unrestricted are now without donor restrictions and net assets previously classified as temporarily restricted are now with donor restrictions.

Reclassification – The Organization reclassified certain amounts in the summarized 2017 statements of activities and functional expenses to enhance comparability with the 2018 statements of activities and functional expenses. The reclassification decreased both special events revenue and fundraising expenses by \$20,951. Fundraising events expense decreased by the same amount on the statement of functional expenses. This reclassification had no impact on the total change in net assets as previously reported.

Note 2—Equipment

Property and equipment consist of the following at December 31, 2018:

Office equipment	\$ 3,316
Computer equipment	1,890
	<u>5,206</u>
Less accumulated depreciation	<u>(4,525)</u>
	<u>\$ 681</u>

Note 3—Net assets with donor restrictions

Net assets with donor restrictions at December 31, 2018 consisted of approximately \$9,000 for the future use of program services.

Net assets totaling approximately \$20,000 during the year ended December 31, 2018, were released from donor restrictions by incurring expenses satisfying the restricted purposes.

Note 4—Related parties

During the year ended December 31, 2018, the Organization received approximately \$130,000 of contributions from members of the Board of Directors. Approximately \$15,000 remained uncollected as of December 31, 2018, included in pledges receivable on the accompanying statement of financial position.

SUNCOAST VOICES FOR CHILDREN FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

Note 5—Community Foundation of Tampa Bay

The Organization is the beneficiary of endowment funds held by the Community Foundation of Tampa Bay (the “Foundation”).

Since the Foundation has full variance power over the funds, the Organization has not recorded the funds on the accompanying statement of financial position. The Organization receives periodic distributions from the funds which are recorded as donations and other income without donor restrictions on the statement of activities. During 2018, the Organization received distributions of approximately \$2,000. The balance of the funds held by the Foundation is approximately \$239,000 as of December 31, 2018.

Note 6—Liquidity and availability of resources

The Organization’s management monitors its liquidity so that it is able to cover operating expenses and other obligations as they come due. Management has budgeted approximately \$400,000 of operating expenses to be paid within one year of the statement of financial position date. Management budgets for such costs based on prior year actual expenditures and anticipated future expenditures. The Organization strives to maintain three months of budgeted expenditures in assets that are readily available, that is, without donor or other restrictions limiting their use. The reserve amount may be higher or lower depending on actual expenses incurred throughout the year.

The Organization relies primarily on public support and special event revenue to meet operating needs. Revenue from these sources totaled approximately \$384,000 during the year ended December 31, 2018.

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2018 consist of the following:

Cash	\$ 125,129
Pledges receivable	<u>18,800</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 143,929</u></u>