Right Answers, Right Here.

TANNER

Accountants & Advisors

Utah Children
dba Voices for Utah Children
Financial Statements
As of December 31, 2021 and for the Year Then Ended
Together with Independent Auditors' Report

TANNER

Independent Auditors' Report

To the Board of Directors
Utah Children dba Voices for Utah Children

Opinion

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

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

Basis for Opinion

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

Management's Responsibilities for the Financial Statements

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

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

Auditors' 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 auditors' 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Tanner LLC

June 29, 2022

Statement of Financial Position

	As of December 31, 2021
Assets	
Current assets:	
Cash and cash equivalents	$ 196,961
Marketable securities	1,100,507
Receivables	25,181
Unconditional promise to give	30,000
Prepaid expenses	721
Total current assets	1,353,370
Property and equipment, net	14,478
Total assets	$ 1,367,848
Liabilities and Net Assets	
Current liabilities:	
Accounts payable	$ 20,589
Accrued expenses	7,834
Current portion of capital lease obligation	4,363
Total current liabilities	32,786
Capital lease obligation, net of current portion	2,638
Total liabilities	35,424
Commitments	
Net assets:	
Without donor restrictions	542,034
With donor restrictions	790,390
Total net assets	1,332,424
Total liabilities and net assets	$ 1,367,848

See accompanying notes to financial statements.

Statement of Activities

	For the Year Ended December 31, 2021
Change in net assets without donor restrictions:	
Revenues, support, and net investment income:	
Contributions	$ 159,049
Service revenue	97,299
Contributions and service revenue	256,348
Special events	23,078
Less cost of direct benefits to donors	(9,001)
Net special events revenue	14,077
Interest, dividends, and other income, net	37,228
Net realized and unrealized gain on investments	74,195
Total revenues, support, and net investment income	381,848
Net assets released from restrictions	964,956
Total revenues, support, net investment income, and reclassifications	1,346,804
Expenses:	
Program services:	
Left behind workers	268,088
Early care and education	219,793
Tax and budget issues	213,832
Children's health	176,671
Advocacy	138,050
Research	111,169
Immigrant and refugee policy	72,451
Deferred action for childhood arrivals	45,613
Supporting services:	
Management and general	98,220
Fundraising	48,243
Total expenses	1,392,130
Decrease in net assets without donor restrictions	(45,326)
Change in net assets with donor restrictions:	
Contributions	842,966
Net assets released from restrictions	(964,956)
Decrease in net assets with donor restrictions	(121,990)
Decrease in net assets	(167,316)
Net assets, beginning of the year	1,499,740
Net assets, end of the year	$ 1,332,424

Statement of Functional Expenses

For the Year Ended December 31, 2021

	Program Services									Supporting Services			
	Left Behind Workers	**Early Care and Education**	**Tax and Budget Issues**	**Children's Health**	**Advocacy**	**Research**	**Immigrant and Refugee Policy**	**Deferred Action for Childhood Arrivals**	**Total Program Services**	**Management and General**	**Fundraising**	**Total Supporting Services**	**Total Expenses**
Salaries and benefits	$ -	$ 153,841	$ 142,047	$ 135,562	$ 114,616	$ 99,939	$ 63,043	$ 3,435	$ 712,483	$ 36,259	$ 7,887	$ 44,146	$ 756,629
Early learning pilot projects	261,313	-	-	-	-	-	-	-	261,313	-	-	-	261,313
Professional fees	6,775	53,732	53,579	7,751	9,353	-	5,431	800	137,421	35,343	30,000	65,343	202,764
Rent	-	6,999	6,999	6,999	6,999	6,999	-	412	35,407	4,117	1,646	5,763	41,170
DACA renewal applications	-	-	-	-	-	-	-	40,516	40,516	-	-	-	40,516
Advertising	-	-	3,155	20,262	-	-	-	-	23,417	1,942	3,468	5,410	28,827
Other	-	1,149	1,662	1,752	1,037	569	506	347	7,022	2,079	2,240	4,319	11,341
Computers and subscriptions	-	1,238	1,785	1,519	1,564	557	1,265	-	7,928	5,322	86	5,408	13,336
Event	-	-	-	-	-	-	-	-	-	-	10,791	10,791	10,791
Office supplies	-	873	1,239	981	915	-	795	-	4,803	4,277	162	4,439	9,242
Printing, copying, and postage	-	1,059	1,059	1,059	1,059	969	90	57	5,352	1,056	779	1,835	7,187
Travel	-	116	1,521	-	1,721	1,350	1,321	-	6,029	-	-	-	6,029
Telephone	-	786	786	786	786	786	-	46	3,976	462	185	647	4,623
Total expenses before depreciation and amortization	268,088	219,793	213,832	176,671	138,050	111,169	72,451	45,613	1,245,667	90,857	57,244	148,101	1,393,768
Depreciation and amortization	-	-	-	-	-	-	-	-	-	7,363	-	7,363	7,363
Total expenses	268,088	219,793	213,832	176,671	138,050	111,169	72,451	45,613	1,245,667	98,220	57,244	155,464	1,401,131
Less expenses included as an offset to revenues on the statement of activities: Cost of direct benefits to donors	-	-	-	-	-	-	-	-	-	-	9,001	9,001	9,001
Total expenses included in the expense section on the statement of activities	$ 268,088	$ 219,793	$ 213,832	$ 176,671	$ 138,050	$ 111,169	$ 72,451	$ 45,613	$ 1,245,667	$ 98,220	$ 48,243	$ 146,463	$ 1,392,130

Statement of Cash Flows

		For the Year Ended December 31, 2021
Cash flows from operating activities:		
Decrease in net assets	$	(167,316)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation and amortization		7,363
Interest and dividends		(24,915)
Unrealized gain on marketable securities		(9,691)
Realized gain on marketable securities		(64,504)
Changes in operating assets and liabilities:		
Receivables		6,431
Unconditional promises to give		220,000
Prepaid expenses		1,699
Accounts payable		9,171
Accrued expenses		1,872
Net cash used in operating activities		(19,890)
Cash flows from investing activities:		
Purchases of marketable securities, net		(6,730)
Purchases of property and equipment		(4,274)
Net cash used in investing activities		(11,004)
Cash flows from financing activities:		
Payments on capital lease obligation		(4,169)
Net change in cash and cash equivalents		(35,063)
Cash and cash equivalents, beginning of year		232,024
Cash and cash equivalents, end of year	$	196,961
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$	1,014
Cash paid during the year for income taxes		-

See accompanying notes to financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization

Utah Children dba Voices for Utah Children (the Organization) is a Utah not-for-profit corporation organized to advocate for the rights of children in the state of Utah. The Organization promotes the development of healthy children and sound families through research, publications, media relations, community outreach, training sessions, and conferences.

The Organization's program services comprise the following:

Left Behind Workers
Assist undocumented workers in Utah to receive state and federal COVID-19 financial relief.

Early Care and Education
Provide to all children the services and support necessary to enable them to start school and to prepare them for success. The Organization researches best practices and develops recommendations to help state policymakers think strategically about policy decisions to increase accessibility, affordability, and quality of child care and early education.

Tax and Budget Issues
Conduct policy analysis of budget and tax policies, with a particular focus on the needs of low- and moderate-income families. The Organization works to broaden the debate on budget and tax policy through public education and the encouragement of civic engagement on these issues.

Children's Health
Improve and strengthen public and private programs to ensure that all children have access to and receive quality health care.

Advocacy
Legally engage in lobbying efforts to influence specific legislation. Utah Children has filed a 501(h) Election with the Internal Revenue Service that allows the Organization to engage in direct lobbying communications to elected officials and grass roots lobbying communications that encourage the public to contact elected officials.

Research
Provide accurate, objective information to inform public debate and strengthen public action on behalf of children and families.

Immigrant and Refugee Policy
Support immigrant communities by uplifting the issues that are most affecting them.

Deferred Action for Childhood Arrivals (DACA)
Provide immigrants with a pathway to citizenship and allow them opportunities to work legally in the meantime.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net assets with donor restrictions: Net assets subject to restrictions imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor stipulates the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Key management estimates include the allocation of program and supporting service expenses and the economic useful lives of property and equipment.

Concentrations of Credit Risk and Revenue Sources

The Organization maintains its cash and cash equivalents in deposit accounts which, at times, exceed federally insured limits or which are not federally insured. To date, the Organization has not experienced a loss or lack of access to its cash and cash equivalents; however, no assurance can be provided that access to the Organization's cash and cash equivalents will not be impacted by adverse conditions in the financial markets.

One organization, not listed below, accounted for 100% of total receivables as of December 31, 2021. One university, not listed below, accounted for 100% of total unconditional promises to give as of December 31, 2021.

Concentrations of total support and revenues received for the year ended December 31, 2021 were as follows:

Foundation A	21%
Foundation B	16%

A future reduction of the support and revenues from these entities could have a significant impact on the Organization's operations.

Cash Equivalents

The Organization considers all unrestricted highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. As of December 31, 2021, cash equivalents consisted of money market accounts.

Marketable Securities

Marketable securities consist of publicly traded mutual funds and other equity securities reported at their readily determinable fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities. For the year ended December 31, 2021, the Organization expensed advisory fees of $10,443, which are netted with interest and other income in the statement of activities.

In general, these marketable securities are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain marketable securities, it is reasonably possible that changes in the values of marketable securities will occur in the near term and that such changes could materially affect the amount reported in the accompanying financial statements.

Receivables

The Organization records its receivables at sales value and establishes specific reserves for those customer accounts identified with collection problems due to insolvency or other issues. The Organization's receivables are considered past due when payment has not been received within 30 days of the invoice date. The amounts of the specific reserves are estimated by management based on various assumptions including the customer's financial position, age of the customer's receivables, and changes in payment schedules and histories. Account balances are charged off against the allowance for doubtful accounts receivable when the potential for recovery is remote. Recoveries of receivables previously charged off are recorded when payment is received. As of December 31, 2021, the Organization did not have an allowance for doubtful accounts.

Unconditional Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discount is included in contribution revenue in the consolidated statement of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. As of December 31, 2021, management has determined that an allowance for uncollectable promises to give is not required.

As of December 31, 2021, the Organization had unconditional promises to give of $30,000 expected to be received in less than one year.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at fair value at the date of the donation. Minor replacements, maintenance, and repairs, which do not increase the useful lives of the property and equipment, are expensed as incurred. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets or lease terms, ranging from five to seven years.

Impairment of Long-Lived Assets

The Organization reviews its property and equipment, and any other long-lived assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may be impaired. If it is determined that the estimated undiscounted future cash flows are not sufficient to recover the carrying value of the asset, an impairment loss is recognized in the statement of activities for the difference between the carrying value and the fair value of the asset. Management does not consider any of the Organization’s assets to be impaired as of December 31, 2021.

Leases

The Organization leases its facilities under an operating lease. For leases that contain rent escalation or rent concession provisions, the Organization records the total rent payable during the lease term on a straight-line basis over the term of the lease, if material.

Contributions

Unconditional contributions received are recorded as support and as net assets with or without donor restrictions, depending on the existence or nature of any donor-imposed restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. When a 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 reported in the statement of activities as net assets released from restrictions.

Conditional promises to give, that is, those with a measurable performance or other barriers, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Organization holds an annual fundraising event. If related contributions are received or services are paid prior to the event, prepaid expenses and/or deferred revenue is recorded.

Revenue Recognition

For exchange transactions and service revenue, revenue is measured as the amount of consideration that the Organization expects to receive in exchange for goods or services. Revenue is recognized after the Organization has (1) identified the customer contract, (2) identified the performance obligation in the contract, (3) determined the transaction price, (4) allocated the transaction price to the performance obligation in the contract, and (5) recognized revenue when the performance obligation has been satisfied.

Revenue from exchange transactions is generally recognized when services have been provided or costs have been incurred, depending on the nature of the contract. Service fees and payments under cost-reimbursement contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Expense Allocation

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and supporting services expenses. The primary expenses that are allocated include the following:

Expense	Allocation Method
General (personnel)	Salaries and wages
Facilities	Level of effort
Depreciation and amortization	Level of effort

Advertising

Advertising (marketing) costs are expensed as incurred and were approximately $29,000 for the ended December 31, 2021.

Income Taxes

The Organization is a qualified charitable organization under Section 501(c)(3) of the Internal Revenue Code and under state of Utah regulations, and as such, is not subject to federal or state income taxes on exempt purpose income.

The Organization accounts for uncertain tax positions, if any, when it is more-likely-than-not the position will not be sustained upon examination by the tax authorities. As of December 31, 2021, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases,* which amends ASC Topic 840, *Leases*. ASU 2016-02 requires recognition of assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than 12 months. The recognition, measurement, and presentation of expenses and cash flows arising from a lease for lessees will depend on its classification as a finance or operating lease. For both types of leases, lessees will recognize a right-of-use asset and a lease liability. ASU 2016-02 is effective for the Organization on January 1, 2022. Management is currently evaluating the impact the new requirements will have on the Organization’s financial statements.

Subsequent Events

The Organization has evaluated events occurring subsequent to December 31, 2021 through June 29, 2022, the date the financial statements were available to be issued.

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following as of December 31, 2021:

Cash and cash equivalents	$	196,961
Marketable securities		1,100,507
Receivables		25,181
Unconditional promise to give		30,000
Total financial assets		1,352,649
Less amounts not available for general expenditure within one year:		
Funds subject to donor-imposed purpose restrictions		(790,390)
Financial assets available to be used for general expenditure within one year	$	562,259

The Organization regularly monitors its liquidity and cash flow needs through the use of a budget and projections to help ensure that cash inflows are sufficient to cover projected cash outflows. The Organization has the ability to reduce expenses, as necessary, to match available funding. The accompanying statement of cash flows identifies the sources and uses of the Organization's cash and the cash flows used in operating activities during the year ended December 31, 2021 totaling $19,890.

3. Marketable Securities

As of December 31, 2021, marketable securities consisted of the following:

		Cost		Unrealized Gain		Fair Value
Mutual funds	$	745,365	$	50,074	$	795,439
Exchange-traded funds		209,343		95,725		305,068
	$	954,708	$	145,799	$	1,100,507

4. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. To increase comparability, the following hierarchy prioritizes fair value measurements according to the type of inputs included in valuation methodologies used to measure fair value:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.
Level 2: Prices that are based on inputs not quoted in active markets but corroborated by market data.
Level 3: Unobservable inputs that are used when little or no market data is available.

The fair value of mutual funds and other equity securities (exchange-traded funds) is based on the quoted net asset values of shares held at year-end, which are Level 1 inputs.

Assets measured at fair value on a recurring basis as of December 31, 2021 are summarized as follows:

Description	Level 1	Level 2	Level 3	Total
Marketable securities:				
Mutual funds	$ 795,439	$ -	$ -	$ 795,439
Exchange-traded funds	305,068	-	-	305,068
	$ 1,100,507	$ -	$ -	$ 1,100,507

5. Property and Equipment

Property and equipment consisted of the following as of December 31, 2021:

Office equipment	$ 39,924
Furniture and fixtures	4,189
	44,113
Less accumulated depreciation and amortization	(29,635)
	$ 14,478

Depreciation and amortization expense on property and equipment for the year ended December 31, 2021 was $7,363.

6. Capital Lease Obligation

The Organization has a capital lease that is collateralized by the related equipment and has an implicit interest rate of 4.53% and payments through July 2023.

Future minimum lease payments, excluding taxes, insurance and other costs, as of December 31, 2021, were as follows:

Years Ending December 31:	
2022	$ 4,590
2023	2,678
Total payments	7,268
Less amount representing interest	(267)
Present value of net minimum capital lease payments	7,001
Less current portion	(4,363)
Long-term capital lease obligation	$ 2,638

The gross amount of assets and related accumulated amortization recorded under this capital lease obligation consisted of the following as of December 31, 2021:

Office equipment	$ 21,410
Less accumulated amortization	(15,700)
	$ 5,710

Amortization of assets held under capital leases was $4,282 for the year ended December 31, 2021.

7. Commitments

Operating Leases

The Organization leases its office facility under a non-cancelable operating lease. The lease terminated on December 31, 2020, but continued on a month-to-month basis. On April 1, 2022, the Organization entered into a new lease agreement with a maturity date of March 31, 2027, and escalating monthly payments starting at $3,062 per month. As of December 31, 2021, there were no future minimum lease payments remaining under this non-cancelable operating lease.

Rental expense under the operating lease was $41,170 for the year ended December 31, 2021.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions comprised the unspent portion of various restricted donations, which are restricted due to time or purpose, as shown below as of December 31, 2021:

Children's health	$	483,717
Early care and education		85,460
Tax and budget issues		106,594
Research		106,500
Left behind workers		8,119
Total	$	790,390

9. Retirement Plan

The Organization sponsors a 401(k) Plan for eligible employees. The Organization's contribution to the Plan is 3% of compensation for employees that elected to contribute a minimum of 3% of compensation. The Organization's total contribution for the year ended December 31, 2021 was approximately $17,000.

10. Related-Party Transactions

For the year ended December 31, 2021, the Organization received donations from board members and members of management totaling approximately $22,000.