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TANNER

Accountants & Advisors

Utah Children

dba Voices for Utah Children

Financial Statements

As of December 31, 2020 and for the Period from

October 1, 2019 through December 31, 2020

Together with Independent Auditors' Report

TANNER

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Utah Children dba Voices for Utah Children, which comprise the statement of financial position as of December 31, 2020, the related statements of activities, functional expenses, and cash flows for the 15-month period from October 1, 2019 through December 31, 2020, and the related notes to 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 error or fraud.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditors consider 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 the accounting policies used and 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 Utah Children dba Voices for Utah Children as of December 31, 2020, and the changes in its net assets and its cash flows for the 15-month period from October 1, 2019 through December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Tanner LLC

October 12, 2021

Statement of Financial Position

		As of December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$	232,024
Marketable securities		994,667
Receivables		31,612
Unconditional promise to give		250,000
Prepaid expenses		2,420
Total current assets		1,510,723
Property and equipment, net		17,567
Total assets	$	1,528,290
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$	11,418
Accrued expenses		5,962
Current portion of capital lease obligation		4,170
Total current liabilities		21,550
Capital lease obligation, net of current portion		7,000
Total liabilities		28,550
Commitments		
Net assets:		
Without donor restrictions		587,360
With donor restrictions		912,380
Total net assets		1,499,740
Total liabilities and net assets	$	1,528,290

See accompanying notes to financial statements.

Statement of Activities

For the 15-Month Period from October 1, 2019 through December 31, 2020

Change in net assets without donor restrictions:	
Revenues, support, and net investment income:	
Contributions	$ 146,974
Service revenue	123,139
Contributions and service revenue	270,113
Special events	56,336
Less cost of direct benefits to donors	(11,737)
Net special events revenue	44,599
Interest and other income, net	40,587
Net realized and unrealized gain on investments	111,818
Total revenues, support, and net investment income	467,117
Net assets released from restrictions	973,657
Total revenues, support, net investment income, and reclassifications	1,440,774
Expenses:	
Program services:	
Early care and education	201,991
Left behind workers	189,142
Children's health	174,129
Tax and budget issues	158,065
Research	154,109
Advocacy	139,845
Deferred action for childhood arrivals	16,098
Supporting services:	
Management and general	82,624
Fundraising	79,845
Total expenses	1,195,848
Increase in net assets without donor restrictions	244,926
Change in net assets with donor restrictions:	
Contributions	1,127,722
Government grant	63,250
Net assets released from restrictions	(973,657)
Increase in net assets with donor restrictions	217,315
Increase in net assets	462,241
Net assets, beginning of the period	1,037,499
Net assets, end of the period	$ 1,499,740

Statement of Functional Expenses

For the 15-Month Period from October 1, 2019 through December 31, 2020

	Program Services								Supporting Services			
	Early Care and Education	**Left Behind Workers**	**Children's Health**	**Tax and Budget Issues**	**Research**	**Advocacy**	**Deferred Action for Childhood Arrivals**	**Total Program Services**	**Management and General**	**Fundraising**	**Total Supporting Services**	**Total Expenses**
Salaries and benefits	$ 180,138	$ -	$ 153,230	$ 118,376	$ 132,929	$ 110,793	$ -	$ 695,466	$ 11,042	$ 7,883	$ 18,925	$ 714,391
Early learning pilot projects	-	186,879	-	-	-	-	-	186,879	15,000	-	15,000	201,879
Professional fees	5,649	1,620	5,649	9,569	5,649	11,969	2,650	42,755	11,875	44,186	56,061	98,816
Rent	8,037	473	8,037	8,037	8,037	8,037	473	41,131	4,728	1,418	6,146	47,277
Advertising	-	-	-	15,156	-	500	-	15,656	-	11,993	11,993	27,649
Other	2,610	42	1,656	1,398	811	2,018	42	8,577	13,544	2,806	16,350	24,927
Event	-	-	-	-	-	-	-	-	-	18,298	18,298	18,298
Board expenses	-	-	-	-	-	-	-	-	13,000	-	13,000	13,000
DACA renewal applications	-	-	-	-	-	-	12,805	12,805	-	-	-	12,805
Computers and subscriptions	1,078	-	1,433	1,538	1,748	983	-	6,780	2,681	2,868	5,549	12,329
Printing, copying, and postage	1,442	77	1,442	1,520	2,630	1,442	77	8,630	826	1,247	2,073	10,703
Office supplies	1,230	-	869	526	1,328	2,978	-	6,931	838	730	1,568	8,499
Telephone	867	51	867	867	867	867	51	4,437	510	153	663	5,100
Travel	940	-	946	1,078	110	258	-	3,332	-	-	-	3,332
Total expenses before depreciation and amortization	201,991	189,142	174,129	158,065	154,109	139,845	16,098	1,033,379	74,044	91,582	165,626	1,199,005
Depreciation and amortization	-	-	-	-	-	-	-	-	8,580	-	8,580	8,580
Total expenses	201,991	189,142	174,129	158,065	154,109	139,845	16,098	1,033,379	82,624	91,582	174,206	1,207,585
Less expenses included as an offset to revenues on the statement of activities:												
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	-	11,737	11,737	11,737
Total expenses included in the expense section on the statement of activities	$ 201,991	$ 189,142	$ 174,129	$ 158,065	$ 154,109	$ 139,845	$ 16,098	$ 1,033,379	$ 82,624	$ 79,845	$ 162,469	$ 1,195,848

Statement of Cash Flows

	For the 15-Month Period from October 1, 2019 through December 31, 2020
Cash flows from operating activities:	
Increase in net assets	$ 462,241
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Depreciation and amortization	8,580
Interest and dividends	(28,005)
Unrealized gain on marketable securities	(113,594)
Realized loss on marketable securities	1,776
Changes in operating assets and liabilities:	
Receivables	(13,323)
Unconditional promises to give	(250,000)
Prepaid expenses	349
Accounts payable	(36,142)
Accrued expenses	(30,227)
Deferred revenue	(24,475)
Net cash used in operating activities	(22,820)
Cash flows from investing activities:	
Proceeds from sale of marketable securities	87,496
Purchases of property and equipment	(3,398)
Net cash provided by investing activities	84,098
Cash flows from financing activities:	
Payments on capital lease	(4,954)
Net change in cash and cash equivalents	56,324
Cash and cash equivalents, beginning of period	175,700
Cash and cash equivalents, end of period	$ 232,024
Supplemental disclosure of cash flow information	
Cash paid during the period for interest	$ 784
Cash paid during the period for income taxes	-

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:

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 childcare 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.

Research

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

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.

Deferred Action for Childhood Arrivals (DACA)

Provide immigrants with a pathway to citizenship and allow them opportunities to work legally in the meantime.

Left Behind Workers

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

Change in Fiscal Year End

The Organization changed its fiscal year end from September 30 to December 31. As such, the Organization's financial statements consist of the 15-month period from October 1, 2019 through December 31, 2020.

Adoption of New Accounting Standard

As of October 1, 2019 the Organization adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU did not impact the Organization's financial position or change in net assets.

As of October 1, 2019, the Organization also adopted ASU No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This ASU assists not-for-profit entities in determining whether grants should be accounted for as contributions or exchange transactions, and whether a contribution should be considered conditional. The adoption of this ASU generally results in more grants being accounted for as contributions instead of exchange transactions, as well as more contributions being considered conditional, resulting in a deferment of their recognition until they are determined to be unconditional. The Organization adopted this ASU on a modified prospective basis by applying the guidance to any agreements not yet completed as of the date of adoption and agreements entered into after the date of adoption. No change in net assets resulted from the adoption of this ASU.

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, the determination of the allowances for uncollectible promises to give and receivables, 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, Organization B, accounted for 100% of total receivables as of December 31, 2020. One foundation, Foundation A, accounted for 100% of total unconditional promises to give as of December 31, 2020.

Concentrations of total support and revenues received for the 15-month period ended December 31, 2020 were as follows:

Foundation A	17%
Organization A	13%
Foundation B	13%
Foundation C	13%

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

Cash and 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, 2020, 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

15-month period ended December 31, 2020, the Organization expensed advisory fees of $12,253, 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, 2020, 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 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, 2020, management has determined that an allowance for uncollectable promises to give is not required.

As of December 31, 2020, the Organization had one unconditional promise to give of $250,000 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, 2020.

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. 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 service 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 $28,000 for the 15-month period ended December 31, 2020.

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, 2020, 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.

Subsequent Events

The Organization has evaluated events occurring subsequent to December 31, 2020 through October 12, 2021, 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, 2020:

Cash and cash equivalents	$	232,024
Marketable securities		994,667
Receivables		31,612
Unconditional promise to give		250,000
Total financial assets		1,508,303
Less amounts not available for general expenditure within one year:		
Funds subject to donor-imposed purpose restrictions		(912,380)
Financial assets available to be used for general expenditure within one year	$	595,923

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 15-month period ended December 31, 2020 totaling $22,820.

3. Marketable Securities

As of December 31, 2020, marketable securities consisted of the following:

		Cost		Unrealized Gain		Fair Value
Mutual funds	$	661,606	$	70,950	$	732,556
Exchange-traded funds		199,639		62,472		262,111
	$	861,245	$	133,422	$	994,667

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, 2020 are summarized as follows:

Description	Level 1	Level 2	Level 3	Total
Marketable securities:				
Mutual funds	$ 732,556	$ -	$ -	$ 732,556
Exchange-traded funds	262,111	-	-	262,111
	$ 994,667	$ -	$ -	$ 994,667

5. Property and Equipment

Property and equipment consisted of the following as of December 31, 2020:

Office equipment	$ 35,650
Furniture and fixtures	4,189
	39,839
Less accumulated depreciation and amortization	(22,272)
	$ 17,567

Depreciation and amortization expense on property and equipment for the 15-month period ended December 31, 2020 was $8,580.

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, 2020, were as follows:

Years Ending December 31:	
2021	$ 4,590
2022	4,590
2023	2,678
Total payments	11,858
Less amount representing interest	(688)
Present value of net minimum capital lease payments	11,170
Less current portion	(4,170)
Long-term capital lease obligation	$ 7,000

The gross amount of assets and related accumulated amortization recorded under this capital lease obligation consisted of the following as of December 31, 2020:

Office equipment	$	21,410
Less accumulated amortization		(11,418)
	$	9,992

Amortization of assets held under capital leases was $5,352 for the 15-month period ended December 31, 2020.

7. Commitments

Operating Leases

The Organization leases its office facility under a non-cancelable operating lease. The lease terminated on December 31, 2020. As of December 31, 2020, there were no future minimum lease payments remaining under this non-cancelable operating lease. The Organization continued to lease the office facility on a month-to-month basis through the date the financial statements were available to be issued.

Rental expense under the operating lease was $47,275 for the 15-month period ended December 31, 2020.

8. Government Grant

In May 2020, the Organization obtained a loan for $63,250 from a financial institution under the Paycheck Protection Program (PPP), a component of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). PPP loans are forgivable if conditions involving maintenance of payroll and employee headcount and certain other conditions are satisfied. The Organization has elected to account for the PPP loan as a refundable advance under ASC 958 and considers the PPP loan a conditional contribution (grant). Management submitted its application for forgiveness before December 31, 2020 and substantially met the requirements for loan forgiveness by that date. Accordingly, the Organization has recognized the funds received as a government grant in the statement of activities for the 15-month period ended December 31, 2020. On April 13, 2021, the Organization received notification that the Small Business Administration had forgiven the entire PPP loan totaling $63,250.

9. Net Assets with Donor Restrictions

Net assets with donor restrictions were held for the following purposes as of December 31, 2020:

Children's health	$	356,054
Left behind workers		276,206
Early care and education		145,142
Research		105,643
Tax and budget issues		20,428
Deferred action for childhood arrivals		8,907
Total	$	912,380

10. 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 15-month period ended December 31, 2020 was $19,481.