

# Voices for Virginia's Children

## Financial Statements

December 31, 2016

# ***Voices for Virginia's Children***

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## ***Independent Auditor's Report***

Board of Directors  
Voices for Virginia's Children  
Richmond, Virginia

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Voices for Virginia's Children (the Organization), which comprise the statement of financial position as of December 31, 2016, the related statements of activities, functional expenses, and cash flows 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 Voices for Virginia's Children as of December 31, 2016, 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.

***Report on Summarized Comparative Information & Other Matter***

The prior year comparative information has not been audited by us. This information is presented from the Organization's prior year financial statements which were audited by other auditors. The predecessor auditor audited the Organization's 2015 financial statements and expressed an unmodified opinion on those financial statements in their report dated April 26, 2016. Because we did not audit the Organization's 2015 financial statements, we do not express any opinion that the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

As part of our audit of the 2016 financial statements, we also audited the adjustments described in Note 2 that were applied to restate the 2015 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2015 financial statements of the Organization other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2015 financial statements as a whole.

*Mitchell, Wiggins & Company LLP*

Richmond, Virginia  
June 29, 2017

## *Voices for Virginia's Children*

### *Statement of Financial Position*

*December 31, 2016, with Comparative Totals as of December 31, 2015*

<b>Assets</b>	<b>2016</b>	(Restated) <b>2015</b>
<b>Current Assets</b>		
Cash	\$ 503,431	\$ 461,449
Grants and contributions receivable	67,500	61,498
Prepaid expenses	10,570	16,255
<b>Total current assets</b>	<b>581,501</b>	539,202
Grants and contributions receivable, noncurrent	30,000	-
Investments	83,392	74,609
Property and equipment, net	16,513	20,855
	<b>16,513</b>	20,855
<b>Total assets</b>	<b>\$ 711,406</b>	\$ 634,666
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 15,419	\$ 11,894
Accrued compensated absences	6,370	6,804
<b>Total current liabilities</b>	<b>21,789</b>	18,698
<b>Net Assets</b>		
Unrestricted		
Undesignated	257,417	220,101
Board designated for reserve	65,000	65,000
Board designated for endowment	100,867	93,549
<b>Total unrestricted net assets</b>	<b>423,284</b>	378,650
Temporarily restricted	216,333	187,318
Permanently restricted	50,000	50,000
<b>Total net assets</b>	<b>689,617</b>	615,968
<b>Total liabilities and net assets</b>	<b>\$ 711,406</b>	\$ 634,666

*See Notes to Financial Statements*

## Voices for Virginia's Children

### Statement of Activities

Year Ended December 31, 2016, with Comparative Totals for the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2016	(Restated) 2015
<b>Support and Revenue</b>					
Contributions					
Corporations	\$ -	\$ 59,500	\$ -	\$ 59,500	\$ 30,049
Foundations	74,200	303,250	-	377,450	442,300
Organizations	102,500	56,950	-	159,450	59,295
Individuals	66,849	40,000	-	106,849	62,165
Events	109,105	-	-	109,105	51,770
Investment income	8,937	-	-	8,937	(4)
	<u>361,591</u>	<u>459,700</u>	<u>-</u>	<u>821,291</u>	<u>645,575</u>
Net assets released from restrictions	430,685	(430,685)	-	-	-
<b>Total support and revenue</b>	<u>792,276</u>	<u>29,015</u>	<u>-</u>	<u>821,291</u>	<u>645,575</u>
<b>Expenses</b>					
Program and advocacy areas					
KIDS COUNT	128,338	-	-	128,338	136,599
Early childhood	125,822	-	-	125,822	125,726
Health and mental health	142,221	-	-	142,221	127,174
Foster care and adoption	94,081	-	-	94,081	103,880
Family economic success	13,034	-	-	13,034	16,029
Capacity and growth	30,186	-	-	30,186	16,532
Lobbying	14,870	-	-	14,870	14,983
<b>Total program and advocacy areas</b>	<u>548,552</u>	<u>-</u>	<u>-</u>	<u>548,552</u>	<u>540,923</u>
Supporting services					
General and administrative	50,418	-	-	50,418	56,894
Development	148,672	-	-	148,672	113,620
<b>Total supporting services</b>	<u>199,090</u>	<u>-</u>	<u>-</u>	<u>199,090</u>	<u>170,514</u>
<b>Total expenses</b>	<u>747,642</u>	<u>-</u>	<u>-</u>	<u>747,642</u>	<u>711,437</u>
<b>Changes in net assets before correction of error</b>	<u>44,634</u>	<u>29,015</u>	<u>-</u>	<u>73,649</u>	<u>(65,862)</u>
Net assets, beginning, as previously reported	378,650	187,318	50,000	615,968	631,830
Prior period adjustment, grants	-	-	-	-	50,000
Net assets, beginning, as restated	<u>378,650</u>	<u>187,318</u>	<u>50,000</u>	<u>615,968</u>	<u>681,830</u>
Net assets, ending	<u>\$ 423,284</u>	<u>\$ 216,333</u>	<u>\$ 50,000</u>	<u>\$ 689,617</u>	<u>\$ 615,968</u>

See Notes to Financial Statements

**Voices for Virginia's Children**

**Statement of Functional Expenses**

**Year Ended December 31, 2016, with Comparative Totals for the Year Ended December 31, 2015**

	Program and Advocacy Areas							Supporting Services			Totals		
	KIDS COUNT	Early Childhood	Health and Mental Health	Foster Care and Adoption	Family Economic Success	Capacity and Growth	Lobbying	Total Program and Advocacy Areas	General and Administrative	Development	Total Supporting Services	2016	(Restated) 2015
Salaries	\$ 71,321	\$ 79,340	\$ 73,665	\$ 59,162	\$ 7,836	\$ -	\$ 11,947	\$ 303,271	\$ 30,936	\$ 76,584	\$ 107,520	\$ 410,791	\$ 413,943
Payroll taxes	6,545	6,513	6,244	5,331	685	-	-	25,318	3,540	6,388	9,928	35,246	33,265
Fringe benefits	7,645	4,625	7,041	6,579	2,175	-	338	28,403	3,352	8,346	11,698	40,101	43,525
Retirement	2,015	2,353	2,211	1,616	224	-	655	9,074	918	1,969	2,887	11,961	15,366
Depreciation	1,879	1,436	1,790	1,347	106	-	-	6,558	620	1,684	2,304	8,862	3,432
Leases	10,545	8,066	10,049	7,570	626	-	-	36,856	3,498	9,449	12,947	49,803	48,478
Repairs and maintenance	3,302	2,392	3,172	2,221	167	3,980	-	15,234	1,049	2,856	3,905	19,139	11,814
Professional development	1,237	(38)	(202)	210	10	-	-	1,217	43	118	161	1,378	612
Office supplies and postage	1,004	687	857	795	51	-	-	3,394	292	936	1,228	4,622	4,073
Telephone	727	557	691	523	43	-	-	2,541	239	652	891	3,432	3,912
Legal and professional	8,511	6,503	8,048	6,102	482	-	-	29,646	3,897	7,627	11,524	41,170	49,125
Dues and subscriptions	683	462	766	331	24	3,948	300	6,514	356	536	892	7,406	5,937
Travel and lodging	638	799	1,957	1,003	20	-	3	4,420	116	595	711	5,131	9,668
Meeting and programs	4,520	2,217	4,087	1,457	453	-	1,524	14,258	1,653	25,286	26,939	41,197	10,385
Communication	6,833	9,198	957	(841)	78	22,258	103	38,586	(398)	4,808	4,410	42,996	48,366
Gifts/grants to partners	-	-	20,000	-	-	-	-	20,000	-	-	-	20,000	6,500
Insurance	933	712	888	675	54	-	-	3,262	307	838	1,145	4,407	3,036
	<b>\$ 128,338</b>	<b>\$ 125,822</b>	<b>\$ 142,221</b>	<b>\$ 94,081</b>	<b>\$ 13,034</b>	<b>\$ 30,186</b>	<b>\$ 14,870</b>	<b>\$ 548,552</b>	<b>\$ 50,418</b>	<b>\$ 148,672</b>	<b>\$ 199,090</b>	<b>\$ 747,642</b>	<b>\$ 711,437</b>

See Notes to Financial Statements

## ***Voices for Virginia's Children***

### ***Statement of Cash Flows*** ***Year Ended December 31, 2016***

<b>Cash Flows from Operating Activities</b>	
Change in net assets	\$ 73,649
<b><i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</i></b>	
Depreciation	8,862
Unrealized gain on investments	(8,783)
<b><i>Changes in operating assets</i></b>	
Grants and contributions receivable	(36,002)
Prepaid expenses	5,685
<b><i>Changes in operating liabilities</i></b>	
Accounts payable	3,525
Accrued compensated absences	(434)
<b>Net cash provided by operating activities</b>	<u>46,502</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of property and equipment	<u>(4,520)</u>
<b>Net cash (used in) investing activities</b>	<u>(4,520)</u>
<b>Net change in cash</b>	41,982
Cash, beginning	<u>461,449</u>
Cash, ending	<u>\$ 503,431</u>

*See Notes to Financial Statements*

# ***Voices for Virginia's Children***

## ***Notes to Financial Statements***

***December 31, 2016***

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### ***Note 1. Nature of Organization and Summary of Significant Accounting Policies***

#### ***Nature of organization***

The mission of Voices for Virginia's Children (the Organization) is to champion public policies that improve the lives of children. The Organization collects and disseminates research, educates and inspires decision makers and their constituents, identifies best practices, organizes citizens and organizations to communicate and work in coordination, and trains citizens to advocate effectively. The funding for the Organization comes primarily from foundations, and individual, organizational, and corporate donors. The Organization is a not-for-profit, non-stock corporation, which was incorporated on September 15, 1994.

The major programs and advocacy issues sponsored by the Organization include:

#### ***KIDS COUNT data and research***

*Accurate, objective information is the basis for a positive change.* The Organization publishes accurate and objective data on key aspects of the well-being of children in Virginia, disseminates that information, and helps train people to use the information more effectively in formulating public policy and other decisions affecting children and their families. The KIDS COUNT project is part of a national initiative by the Annie E. Casey Foundation. The Virginia KIDS COUNT Data Center is available online, and issues briefs, reports and infographics on specific critical issues as needed.

#### ***Early childhood***

*Investments in children's earliest years are critical.* The emphasis in the Organization's early childhood work is on early care and education and other programs and issues related to school readiness. The Organization works to improve the quality, affordability and accessibility of early care and education.

#### ***Health and mental health***

*All children require access to high quality physical and mental health care to ensure healthy development and the best possible life outcomes.* The Organization's work on health issues is focused on improved access to care through comprehensive health insurance coverage and through our Campaign for Children's Mental Health. The Organization leads the Campaign, a statewide coalition on children's access to mental health care, focused on advocating better policies and programs for our children and families dealing with mental illness.

#### ***Foster care and adoption***

*Every child in foster care deserves a permanent, safe and loving home in which they can thrive.* The Organization works to reduce the number of children going into the foster care system and enhance permanency options for those who must go into care. The Organization also works on improved outcomes for youth who age out of the foster care

## ***Voices for Virginia's Children***

### ***Notes to Financial Statements***

***December 31, 2016***

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#### ***Note 1. Nature of Organization and Summary of Significant Accounting Policies (continued)***

system. The Organization has organized a statewide coalition around foster care and adoption; informing citizens and decision makers about the issue, especially using data and research-based publications; and working to bring public attention to policy concerns.

#### ***Family economic success***

*Child poverty rates in Virginia are getting worse and families in poverty have difficulty meeting their children's needs.* The Organization works on policies that combat childhood poverty and promote family economic stability.

#### ***Lobbying***

*Advocating children's issues to policy makers is central to ensuring a positive change in Virginia.* IRS policies allow non-profits to lobby with some restrictions. The Organization has made a 501(h) election under IRS guidelines which provide safe harbor rules on lobbying expenses. The Organization complies with that limit.

#### ***Federal and state electoral education***

As a not-for-profit organization, the Organization cannot endorse candidates or engage in partisan political activity. However, to influence public policy on behalf of children, it is critical that the Organization educate candidates about important policy and legislative issues that impact children and educate voters about the positions candidates have taken on these issues. The Organization does this via: policy briefings for candidates and staff; sponsorship of candidate forums to educate voters; publishing results of policy questionnaires completed by candidates; distributing printed materials and electronic communications describing candidates' positions on key issues; organizing candidate forums for all candidates running for a particular office on issues affecting children and families.

#### ***Capacity and growth***

The Organization has received time-limited funding through the Meyer Foundation to build its capacity to communicate effectively with stakeholders, including donors, partner organizations, policymakers and citizens.

A summary of the Organization's significant accounting policies follows:

#### ***Financial statement presentation***

Under current accounting standards, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The net asset classes are summarized as follows:

## ***Voices for Virginia's Children***

### ***Notes to Financial Statements***

***December 31, 2016***

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#### ***Note 1. Nature of Organization and Summary of Significant Accounting Policies (continued)***

Unrestricted net assets include unrestricted and board designated funds. The unrestricted and board designated funds include resources that can be used currently for the general operations and programs of the Organization.

Temporarily restricted net assets include amounts restricted by donors for specific purposes. When a restriction expires either with the passage of time or by actions of the Organization, temporarily restricted net assets are released and reclassified to unrestricted net assets.

Permanently restricted net assets include amounts restricted by donors in perpetuity that neither expire by the passage of time nor can be fulfilled or otherwise removed by the actions of the Organization, and the income from which is expendable in accordance with the conditions of each specific donation. Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The income from the assets can be used to support the Organization's general activities.

#### ***Cash and cash equivalents***

For purposes of reporting the statement of cash flows, the Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents on the accompanying statement of financial position. The Organization, at times, may have cash in excess of federally insured limits. The Organization's cash is in institutions whose credit ratings are monitored by management to minimize the concentration of credit risk. At December 31, 2016, the Organization had cash balances that were in excess of insured limits.

#### ***Grants, pledges and contributions receivable***

Grants, pledges and contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional grants or pledges are recognized when the conditions on which they depend are substantially met and the promise becomes unconditional. The long-term portion of grants and contributions receivable are due within five years.

Donations or contributions of assets other than cash and gifts-in-kind are recognized at their estimated fair market value. Gifts of property and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated asset must be used.

Grants, pledges and contributions receivable are periodically evaluated for collectability based on past credit history and current financial condition. No allowance for uncollectable receivables was considered necessary by management at December 31, 2016.

## ***Voices for Virginia's Children***

### ***Notes to Financial Statements***

***December 31, 2016***

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#### ***Note 1. Nature of Organization and Summary of Significant Accounting Policies (continued)***

##### ***Investments***

Investments in all debt securities and equity securities with readily determinable market values are recorded at fair market value under current accounting standards.

##### ***Property and equipment***

Acquisitions of property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from 3 – 7 years. Maintenance and repairs are charged to expense as incurred.

##### ***Income taxes***

The Organization is a exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. The Organization is subject to tax on any unrelated business income that it may generate.

The Financial Accounting Standards Board issued guidance on accounting for uncertainty in income taxes. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Organization is no longer subject to income tax examinations by the taxing authorities for years ending before December 31, 2013.

The Organization includes penalties and interest assessed by income taxing authorities in management and general expenses. The Organization did not have penalties and interest relating to income taxes for the year ended December 31, 2016.

##### ***Special events***

Special events revenue is recorded when earned, which is when the event is held.

##### ***Functional expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited and functions served.

##### ***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 the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses. Actual results could vary from the estimates.

## ***Voices for Virginia's Children***

### ***Notes to Financial Statements***

***December 31, 2016***

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#### ***Note 2. Restatement***

The accompanying comparative totals for 2015 have been restated to correct an error made in that year regarding recognition of pledges and grants receivable but which was discovered in 2016. The effect of the restatement was to increase grants receivable by \$51,050, increase contribution revenue by \$1,050, and increase beginning net assets by \$50,000.

The accompanying comparative totals for 2015 have also been restated to correct a reclassification in net assets due to the absence of donor restrictions. Temporarily restricted net assets of \$28,197 were reclassified to Board Designated for Endowment on the statement of financial position.

#### ***Note 3. Investments***

Investments consist of the following at December 31, 2016:

Common stock	\$ 10,609
Mutual funds	72,783
	<u>\$ 83,392</u>

Investment income for the year ended December 31, 2016 consists of the following:

Interest and dividends	\$ 394
Unrealized gain	8,783
Investment fees	(240)
	<u>\$ 8,937</u>

#### ***Note 4. Property and Equipment***

Property and equipment consists of the following at December 31, 2016:

Computer equipment	\$ 80,016
Furniture	15,340
	<u>95,356</u>
Less accumulated depreciation	78,843
	<u>\$ 16,513</u>

## ***Voices for Virginia's Children***

### ***Notes to Financial Statements***

***December 31, 2016***

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#### ***Note 5. Retirement Plan***

The Organization has a SIMPLE IRA plan covering substantially all employees. Under the plan, the Organization contributes a discretionary amount based on each eligible employee's salary. Contributions for the year ended December 31, 2016 were \$11,961.

#### ***Note 6. Temporarily Restricted Net Assets***

Temporarily restricted net assets are available for the following purposes or periods at December 31, 2016:

Health and mental health	\$ 85,000
Foster care and adoption	84,667
Early childhood	46,666
	<u>\$ 216,333</u>

Temporarily restricted net assets were released from restrictions for the following purposes during the year ended December 31, 2016:

KIDS COUNT	\$ 102,000
Health and mental health	141,783
Early childhood programs	114,832
Capacity and growth	30,186
Foster care and adoption	39,884
FES	2,000
	<u>\$ 430,685</u>

#### ***Note 7. Lease Commitments***

The Organization leases office space in Richmond under a lease expiring in April 2018. The office space lease will increase by 3% each year. A copier is under a five-year lease expiring July 14, 2019. The Organization also has a month to month agreement for parking space. Lease expense for the year was \$49,803. At December 31, 2016 future minimum lease payments due under these operating leases are as follows:

2017	\$ 37,936
2018	13,736
2019	867
	<u>\$ 52,539</u>

# Voices for Virginia's Children

## Notes to Financial Statements

December 31, 2016

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### Note 8. Endowment Funds

The Organization's endowments consist of one donor-restricted endowment and one board-designated endowment. There are no purpose restrictions on the endowments.

The Organization has adopted investment and spending policies for endowment assets that attempt to maintain the purchasing power of the endowment assets while also providing a potential source of support for its current programs. Under this policy, the endowment assets are invested in a manner that is intended to provide long-term capital appreciation. Actual returns in any given year may vary.

To satisfy its long-term objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term objectives within prudent risk constraints.

Historically, the Organization has not applied a spending policy to its endowment in an effort to allow the endowment to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

At December 31, 2016, the endowment net asset composition was as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Donor-restricted endowment	\$ -	\$ -	\$ 50,000
Board-designated endowment	100,867	-	-
	<u>\$ 100,867</u>	<u>\$ -</u>	<u>\$ 50,000</u>

A summary of the activity in endowment funds for the year ended December 31, 2016 is as follows:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning	\$ 93,549	\$ 50,000	\$ 143,549
Investment income, net	2,726	-	2,726
Net appreciation	4,592	-	4,592
Endowment net assets, ending	<u>\$ 100,867</u>	<u>\$ 50,000</u>	<u>\$ 150,867</u>

## ***Voices for Virginia's Children***

### ***Notes to Financial Statements***

***December 31, 2016***

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#### ***Note 9. Fair Value Measurements***

Financial accounting standards for fair value measurements, define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Current accounting standards establish a framework for measuring fair value. That framework provides 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 unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under current accounting standards are described below:

- Level 1.* Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
  
- Level 2.* Valuations for assets and liabilities traded in less active dealer or broker markets, including those where the investee has the ability to redeem its investment at its net asset value per share at the measurement date. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
  
- Level 3.* Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are determined using pricing models and the inputs to those pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically reported trades and broker-dealer quotes. When quoted prices in active markets and observable market inputs in active markets are not available, fair values are determined using unobservable pricing inputs. Unobservable inputs require significant management judgment or estimation. Investments in this category generally include alternative investments, such as ownership interests in pass-through entities.

# Voices for Virginia's Children

## Notes to Financial Statements

December 31, 2016

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### Note 9. Fair Value Measurements (continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016.

#### *Common stock and mutual funds*

Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2016:

	Level 1	Level 2	Level 3	Total
Common stock				
Industrial goods	\$ 6,250	\$ -	\$ -	\$ 6,250
Healthcare	3,532	-	-	3,532
Financial	827	-	-	827
	<u>10,609</u>	<u>-</u>	<u>-</u>	<u>10,609</u>
Mutual funds				
Large blend	72,783	-	-	72,783
	<u>\$ 83,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,392</u>

### Note 10. Subsequent Events

Management has evaluated subsequent events through June 29, 2017, the date which the financial statements were available for issue.

***Voices for Virginia's Children***

***Notes to Financial Statements***

***December 31, 2016***

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***Note 11. Prior Year Summarized Comparative Information***

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.