

TENNESSEE VOICES FOR CHILDREN, INC.

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS  
ADDITIONAL INFORMATION  
AND  
INDEPENDENT AUDITORS' REPORTS

JUNE 30, 2010 AND 2009

TENNESSEE VOICES FOR CHILDREN, INC.

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS,  
ADDITIONAL INFORMATION  
AND  
INDEPENDENT AUDITORS' REPORTS

JUNE 30, 2010 AND 2009

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INDEPENDENT AUDITORS' REPORT

Board of Directors  
Tennessee Voices for Children, Inc.  
Nashville, Tennessee

We have audited the accompanying statements of financial position of Tennessee Voices for Children, Inc. ("TVC") as of June 30, 2010 and 2009, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of TVC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TVC's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tennessee Voices for Children, Inc. as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2011, on our consideration of Tennessee Voices for Children, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audits.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards on page 18 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of expenditures of state awards on page 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Nashville, Tennessee  
January 20, 2011

TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash	\$ 386,361	\$ 1,360,539
Investments - Note 6	1,704,251	1,305,537
Grants receivable - Note 3	701,386	551,937
Other receivables	5,610	47,345
Prepaid expenses and other	68,734	24,991
Property, building and equipment, net - Note 4	<u>1,251,322</u>	<u>1,262,221</u>
TOTAL ASSETS	<u>\$ 4,117,664</u>	<u>\$ 4,552,570</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 134,024	\$ 46,962
Accrued expenses and other	166,010	218,528
Deferred revenue	20,119	574,721
Note payable - Note 5	<u>814,024</u>	<u>857,659</u>
TOTAL LIABILITIES	<u>1,134,177</u>	<u>1,697,870</u>
COMMITMENTS AND CONTINGENCIES - Notes 8 and 9		
NET ASSETS		
Unrestricted	2,983,487	2,846,050
Temporarily restricted	<u>-</u>	<u>8,650</u>
TOTAL NET ASSETS	<u>2,983,487</u>	<u>2,854,700</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,117,664</u>	<u>\$ 4,552,570</u>

The accompanying notes are an integral part of the financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
SUPPORT AND REVENUE			
Government grants and other contracts	\$ 4,157,821	\$ -	\$ 4,157,821
Contributions	20,217	-	20,217
Conferences	83,397	-	83,397
Investment income - Note 7	38,182	-	38,182
Miscellaneous	250	-	250
Net assets released from restriction	8,650	(8,650)	-
TOTAL SUPPORT AND REVENUE	4,308,517	(8,650)	4,299,867
EXPENSES			
Program services	3,729,943	-	3,729,943
Supporting services:			
Management and general	441,137	-	441,137
TOTAL EXPENSES	4,171,080	-	4,171,080
CHANGE IN NET ASSETS	137,437	(8,650)	128,787
NET ASSETS - BEGINNING OF YEAR	2,846,050	8,650	2,854,700
NET ASSETS - END OF YEAR	\$ 2,983,487	\$ -	\$ 2,983,487

The accompanying notes are an integral part of the financial statements.

2009		
UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
\$ 3,113,815	\$ -	\$ 3,113,815
25,226	6,154	31,380
-	8,650	8,650
21,664	-	21,664
700	-	700
6,154	(6,154)	-
<u>3,167,559</u>	<u>8,650</u>	<u>3,176,209</u>
2,698,105	-	2,698,105
<u>438,089</u>	<u>-</u>	<u>438,089</u>
<u>3,136,194</u>	<u>-</u>	<u>3,136,194</u>
31,365	8,650	40,015
<u>2,814,685</u>	<u>-</u>	<u>2,814,685</u>
<u>\$ 2,846,050</u>	<u>\$ 8,650</u>	<u>\$ 2,854,700</u>

TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>\$ 128,787</u>	<u>\$ 40,015</u>
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	32,018	31,549
Unrealized (gains) losses on investments	(7,655)	16,148
(Increase) decrease in:		
Grants receivable	(149,449)	(68,452)
Other receivables	41,735	8,386
Prepaid expenses and other	(43,743)	21,322
Increase (decrease) in:		
Accounts payable	87,062	4,443
Accrued expenses and other	(52,518)	44,930
Deferred revenue	<u>(554,602)</u>	<u>570,701</u>
TOTAL ADJUSTMENTS	<u>(647,152)</u>	<u>629,027</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(518,365)</u>	<u>669,042</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(391,059)	(721,995)
Purchases of property, building and equipment	<u>(21,119)</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(412,178)</u>	<u>(721,995)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	<u>(43,635)</u>	<u>(86,617)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(43,635)</u>	<u>(86,617)</u>
DECREASE IN CASH	(974,178)	(139,570)
CASH - BEGINNING OF YEAR	<u>1,360,539</u>	<u>1,500,109</u>
CASH - END OF YEAR	<u>\$ 386,361</u>	<u>\$ 1,360,539</u>
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Interest paid	<u>\$ 50,730</u>	<u>\$ 63,497</u>

The accompanying notes are an integral part of the financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2010

	PROGRAM SERVICES									SUPPORTING SERVICES	
	TENNESSEE PARENT INFORMATION RESOURCE CENTER	JUSTCARE FAMILY NETWORK	K-TOWN YOUTH EMPOWERMENT NETWORK	MULETOWN FAMILY NETWORK	INTENSIVE IN-HOME FAMILY PRESERVATION SERVICES	STATEWIDE FAMILY SUPPORT NETWORK	EARLY CHILDHOOD PROGRAMS	OTHER PROGRAM SERVICES	TOTAL	MANAGEMENT AND GENERAL	TOTAL FUNCTIONAL EXPENSES
Salaries	\$ 184,675	\$ 519,788	\$ 74,835	\$ 216,066	\$ 121,070	\$ 208,451	\$ 86,307	\$ 209,390	\$ 1,620,582	\$ 259,296	\$ 1,879,878
Employee benefits	18,961	49,491	4,818	26,975	14,858	20,509	6,158	20,316	162,086	32,169	194,255
Payroll taxes	15,178	44,653	5,943	17,783	9,772	17,219	7,011	17,297	134,856	19,435	154,291
TOTAL PAYROLL AND RELATED EXPENSES	218,814	613,932	85,596	260,824	145,700	246,179	99,476	247,003	1,917,524	310,900	2,228,424
Conferences and meetings	8,292	11,954	1,858	9,613	1,249	15,375	2,708	79,743	130,792	12,480	143,272
Contract services	136,322	221,425	-	-	377	-	-	128,824	486,948	-	486,948
Insurance	924	2,659	377	453	549	960	383	2,206	8,511	1,591	10,102
Equipment rental and maintenance	1,730	6,675	1,729	478	1,095	1,778	858	2,669	17,012	3,542	20,554
Miscellaneous	-	-	-	-	-	-	-	-	-	99	99
Occupancy	20,248	48,485	18,932	4,823	10,988	26,853	9,358	25,942	165,629	7,610	173,239
Office supplies	9,612	123,766	72,742	7,721	2,080	7,065	5,440	38,486	266,912	4,483	271,395
Postage	1,100	2,963	269	471	586	2,558	1,366	2,389	11,702	1,301	13,003
Printing and publications	9,069	6,535	10,340	786	843	4,508	5,175	22,851	60,107	5,202	65,309
Professional	9,586	222,085	31,406	50,543	6,675	18,011	9,665	66,233	414,204	44,876	459,080
Telephone	6,628	18,029	3,432	6,893	4,475	8,062	772	3,547	51,838	4,828	56,666
Travel	21,961	61,994	13,667	21,901	14,978	18,557	3,647	42,059	198,764	12,207	210,971
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	444,286	1,340,502	240,348	364,506	189,595	349,906	138,848	661,952	3,729,943	409,119	4,139,062
Depreciation	-	-	-	-	-	-	-	-	-	32,018	32,018
TOTAL FUNCTIONAL EXPENSES	\$ 444,286	\$ 1,340,502	\$ 240,348	\$ 364,506	\$ 189,595	\$ 349,906	\$ 138,848	\$ 661,952	\$ 3,729,943	\$ 441,137	\$ 4,171,080

The accompanying notes are an integral part of the financial statements.



TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2009

	PROGRAM SERVICES						SUPPORTING SERVICES			
	TENNESSEE PARENT INFORMATION RESOURCE CENTER	JUSTCARE FAMILY NETWORK	MULETOWN FAMILY NETWORK	INTENSIVE IN-HOME FAMILY PRESERVATION SERVICES	STATEWIDE FAMILY SUPPORT NETWORK	EARLY CHILDHOOD PROGRAMS	OTHER PROGRAM SERVICES	TOTAL	MANAGEMENT AND GENERAL	TOTAL FUNCTIONAL EXPENSES
Salaries	\$ 241,105	\$ 67,315	\$ 223,285	\$ 156,930	\$ 203,944	\$ 90,520	\$ 246,170	\$ 1,229,269	\$ 187,418	\$ 1,416,687
Employee benefits	30,960	3,422	26,654	22,029	26,277	9,465	32,391	151,198	44,583	195,781
Payroll taxes	19,672	6,532	18,775	12,963	16,684	7,504	20,874	103,004	12,862	115,866
TOTAL PAYROLL AND RELATED EXPENSES	291,737	77,269	268,714	191,922	246,905	107,489	299,435	1,483,471	244,863	1,728,334
Conferences and meetings	74,077	5,596	17,608	499	7,768	1,838	41,861	149,247	14,196	163,443
Contract services	194,701	92,790	-	75	-	-	99,163	386,729	100	386,829
Dues	-	-	-	-	-	-	-	-	285	285
Insurance	2,122	52	590	1,268	1,021	462	985	6,500	6,722	13,222
Equipment rental and maintenance	10,940	1,434	411	2,013	1,774	935	3,664	21,171	3,245	24,416
Miscellaneous	-	-	-	-	-	-	-	-	5,279	5,279
Occupancy	24,436	2,912	4,507	20,065	23,248	9,345	31,941	116,454	24,457	140,911
Office supplies	14,774	7,541	11,004	3,056	6,450	2,651	11,963	57,439	14,524	71,963
Postage	2,299	289	1,003	2,012	2,613	1,155	2,884	12,255	2,751	15,006
Printing and publications	18,772	1,036	2,860	2,279	5,122	2,300	5,461	37,830	3,241	41,071
Professional	21,850	18,964	59,222	11,998	29,352	6,568	53,658	201,612	71,227	272,839
Stipends	-	-	-	-	-	-	-	-	250	250
Telephone	11,065	2,653	7,591	6,199	11,699	1,072	5,473	45,752	5,335	51,087
Travel	27,813	9,378	31,666	28,114	19,838	2,384	60,452	179,645	10,065	189,710
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	694,586	219,914	405,176	269,500	355,790	136,199	616,940	2,698,105	406,540	3,104,645
Depreciation	-	-	-	-	-	-	-	-	31,549	31,549
TOTAL FUNCTIONAL EXPENSES	\$ 694,586	\$ 219,914	\$ 405,176	\$ 269,500	\$ 355,790	\$ 136,199	\$ 616,940	\$ 2,698,105	\$ 438,089	\$ 3,136,194

The accompanying notes are an integral part of the financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Tennessee Voices for Children, Inc. ("TVC" or the "Agency") is a statewide advocacy agency for families whose children have emotional, behavioral, and/or mental health issues. Its mission is to bridge the gap between professionals and family members so that they can work as a team to do what is best for the child and family. TVC takes an active role in the development of family friendly policies and encourages and supports family involvement on advisory boards such as the statewide Mental Health Planning Council, Behavioral Health Organizations, advisory councils, and community planning groups. Funding for TVC's services is provided principally by federal and state grants and certain contract revenues.

Basis of Presentation

The accompanying financial statements present the financial position and changes in net assets of TVC on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Resources are classified as unrestricted, temporarily restricted or permanently restricted net assets, based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* are free of donor-imposed restrictions. All revenues, gains and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction.
- *Temporarily restricted net assets* are limited as to use by donor-imposed restrictions that expire with the passage of time or that can be satisfied by use for the specific purpose. Temporarily restricted net assets at June 30, 2009 amounted to \$8,650 for sponsorship of the 2010 conference. There were no temporarily restricted net assets at June 30, 2010.
- *Permanently restricted net assets* are amounts required by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for operations. TVC had no permanently restricted net assets as of June 30, 2010 or 2009.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Standards Codification

In June 2009, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a Replacement of FASB Statement No. 162*. This statement modifies the GAAP hierarchy by establishing only two levels of GAAP, authoritative and nonauthoritative accounting literature. Effective July 2009, the FASB Accounting Standards Codification (the "Codification") is considered the single source of authoritative U.S. accounting and reporting standards, except for additional authoritative rules and interpretive releases issued by the Securities and Exchange Commission. Nonauthoritative guidance and literature include, among other things, FASB Concepts Statements, American Institute of Certified Public Accountants Issues Papers and Technical Practice Aids, and accounting textbooks. The Codification was developed to organize GAAP pronouncements by topic so that users can more easily access authoritative accounting guidance.

Contributions and Support

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the Statement of Activities as net assets released from restrictions.

TVC receives grant revenues from various federal, state and local agencies. Grant revenue is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant.

Deferred revenue includes \$20,119 at June 30, 2010 (\$547,721 at June 30, 2009) of unspent grant advances from the City of Memphis, Tennessee for the JustCare Family Network.

TVC reports any gifts of equipment or materials as unrestricted support unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or funds restricted for the acquisition of long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Cash

Cash consists principally of checking account balances.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments consist of money market funds, shares of a mutual fund and certificates of deposit which are carried at their quoted market value on the last business day of the reporting period. Changes in unrealized gains and losses are recognized currently in the Statement of Activities for the year.

Allowance for Uncollectible Accounts/Bad Debts

An allowance for uncollectible receivables is not provided in the financial statements based on management's assessment of specific accounts and historical collection experience.

Fair Value Measurements

Financial accounting standards relating to fair value measurements 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 are described below:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

Level 2      Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by the observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3      Inputs to the valuation methodology are unobservable and reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

An 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 should maximize the use of observable inputs and minimize the use of unobservable inputs.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (continued)

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

*Investments:* Money market funds, certificates of deposit and mutual funds are classified within Level 1 where quoted market prices are available in an active market. Inputs include investments that have quoted market prices in active markets for identical assets. If quoted market prices are not available, fair value is estimated using quoted prices of investments with similar characteristics, and the investments are classified within Level 2.

No changes in the valuation methodologies have been made since the prior year.

The method 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 Agency believes its valuation method is appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Property, Building and Equipment

Property, building and equipment are reported at cost at the date of purchase or at estimated fair value at the date of gift to TVC. TVC's policy is to capitalize expenditures with a cost of \$5,000 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets as follows: five to seven years for furniture and equipment and thirty-nine years for the building and improvements.

Donated Services

TVC's policy is to record support and expenses for contributed services that require specialized skills and would be purchased if not provided by the donor, at the estimated fair value of the services received.

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program Services - include programs to improve and expand services related to the emotional and behavioral well being of children. Some of TVC's programs are:

- Tennessee Parent Information Resource Center ("TPIRC") - provides training designed to enable parents of preschool and school-aged children to achieve developmental goals and meet educational standards and to enable schools to effectively involve parents in school activities. TPIRC is funded by a five-year federal grant allowing TVC to work with educationally and economically disadvantaged children.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services (continued):

Program Services (continued):

- JustCare Family Network - provides a service infrastructure to serve the needs of families of children and youth with serious emotional disturbance in Shelby County, Tennessee. The program is family-driven and includes school-based mental health delivery that engages youth and their families. Youth engagement and community outreach are enhanced through high fidelity wraparound services to families and children, partnerships with local secular and faith-based youth organizations, as well as partnerships with the schools, traditional service providers, policy makers, and community natural support services. This program expanded during 2010 due to federal grant funding.
- K-Town Youth Empowerment Network ("K-Town") - provides youth-guided and family-driven wraparound services to youth in Knox County, Tennessee with Serious Emotional Disturbance or Serious Mental Illness and their families.
- Muletown Family Network ("Muletown") - (1) provides high fidelity wraparound services to families of children with serious emotional disturbance at risk of out-of-home placement and (2) develops a coordinated system of services through partnerships among agencies, schools, and parents that will enable families to maintain children with complex needs at home and in the community. Muletown is a Substance Abuse and Mental Health Services Administration ("SAMHSA") funded system of care demonstration site and is a partnership between the Tennessee Department of Mental Health and Developmental Disabilities, Centerstone Community Mental Health and TVC Maury County, Tennessee.
- Intensive In-Home Family Preservation Services - provides families the tools they need to maintain children and youth with complex needs at home, in school, and in the community. The program is family-driven, providing assistance in navigating the child-serving systems, advocacy, support, and therapeutic skill-building to prevent placement outside the home to a higher level of care. Program staff ensures that caregivers are an integral part of the intervention at all stages.
- Statewide Family Support Network ("SFSN") - provides valuable support, information and training to parents and caregivers across the state, empowering them to successfully "navigate" the complex child-serving systems to obtain the services necessary for their children and youth with emotional and behavioral disorders. SFSN staff provides direct assistance, support groups, information and skill-based training, family representation on over 145 councils and coalitions, Youth in Action Council facilitation, and outreach to schools, mental health providers, and policy-makers in Tennessee.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services (continued):

Program Services (continued):

- Early Childhood Programs - provides on-site consultation and training to parents and staff associated with childcare and Head Start programs throughout Tennessee. Program staff is also involved in state and national research to identify effective strategies for working with young children with challenging behaviors.

Supporting Services:

Management and General - relates to the overall direction of the organization. These expenses are not identifiable with a particular program or with fundraising, but are indispensable to the conduct of those activities and are essential to the organization. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing, and other administrative activities.

Fundraising - includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitations and creation and distribution of fundraising materials. TVC had no fundraising expense during the years ended June 30, 2010 and 2009.

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

Income Taxes

TVC qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided.

On July 1, 2009, TVC adopted new guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions. Income tax positions must meet a more-likely-than-not recognition threshold to be recognized. The adoption of this guidance did not have a material effect on TVC's financial position and results of operations.

As of June 30, 2010 and 2009, TVC did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the years then ended.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued)

TVC files a U.S. Federal Form 990 for organizations exempt from income tax. TVC's returns for years prior to fiscal year end June 30, 2008 are closed.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to be comparative with the current year presentation.

Events Occurring After Reporting Date

The Agency has evaluated events and transactions that occurred between June 30, 2010 and January 20, 2011, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK AND OFF-BALANCE-SHEET RISK

Grants receivable represent concentrations of credit risk to the extent the grants are receivable from concentrated sources. TVC received 95% of its funding from federal, state and local grants in 2010 (83% in 2009).

The Agency maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. At times, the Agency's deposits at financial institutions may exceed federally insured limits by nominal amounts.

Certain cash and securities held in broker/dealer accounts are insured by the Securities Investor Protection Corporation ("SIPC"), up to \$500,000 per broker/dealer (including a maximum of \$250,000 for cash claims), in certain circumstances such as fraud or failure of the institution. Cash and investment accounts held by a broker/dealer did not exceed SIPC limits in 2010 or 2009. The SIPC does not insure against market risk.



TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

NOTE 3 - GRANTS RECEIVABLE

Grants receivable consisted of the following as of June 30:

	<u>2010</u>	<u>2009</u>
U.S. Department of Health and Human Services	\$ 5,935	\$ -
Tennessee State University	19,719	-
State of Tennessee Department of Mental Health and Developmental Disabilities	479,559	386,781
State of Tennessee - Tennessee Commission on Children and Youth	5,398	7,738
Middle Tennessee State University	2,357	-
U.S. Department of Education	67,135	56,060
State of Tennessee Department of Education	103,403	63,938
State of Tennessee Department of Children's Services	<u>17,880</u>	<u>37,420</u>
	<u>\$ 701,386</u>	<u>\$ 551,937</u>

NOTE 4 - PROPERTY, BUILDING AND EQUIPMENT

Property, building, and equipment consisted of the following as of June 30:

	<u>2010</u>	<u>2009</u>
Land	\$ 200,604	\$ 200,604
Buildings and improvements	1,121,275	1,100,156
Furniture and equipment	<u>368,298</u>	<u>368,298</u>
	1,690,177	1,669,058
Less: accumulated depreciation	<u>(438,855)</u>	<u>(406,837)</u>
	<u>\$ 1,251,322</u>	<u>\$ 1,262,221</u>

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

NOTE 5 - NOTE PAYABLE

In August 2007, TVC entered into a loan agreement with a financial institution to finance the purchase of the Agency's office building. The mortgage was refinanced in March 2009 at an annual rate of 5.95% and is secured by a deed of trust on the property. The note matures in monthly principal and interest payments of \$7,869 through August 2022.

Annual principal maturities of the note payable as of June 30, 2010, are as follows:

Year ending June 30,

2011	\$ 47,019
2012	49,902
2013	52,962
2014	56,210
2015	59,656
Thereafter	<u>548,275</u>
	<u>\$ 814,024</u>

Total interest expense was \$50,730 and \$63,497 for the years ended June 30, 2010 and 2009, respectively, which is included in occupancy expense on the Statement of Functional Expenses.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

NOTE 6 - FAIR VALUE MEASUREMENTS

The following table set forth TVC's major categories of assets measured at fair value on a recurring basis, by level, within the fair hierarchy, as of June 30:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<u>2010</u>				
Investments:				
Money Market Funds	\$ -	\$ 733,399	\$ -	\$ 733,399
Certificates of Deposit	-	887,520	-	887,520
Mutual Fund:				
Equity Investment Funds - Balance Fund	83,332	-	-	83,332
Total Investments	<u>\$ 83,332</u>	<u>\$ 1,620,919</u>	<u>\$ -</u>	<u>\$ 1,704,251</u>
<u>2009</u>				
Investments:				
Money Market Funds	\$ -	\$ 269,918	\$ -	\$ 269,918
Certificates of Deposit	-	961,895	-	961,895
Mutual Fund:				
Equity Investment Funds - Balance Fund	73,724	-	-	73,724
Total Investments	<u>\$ 73,724</u>	<u>\$ 1,231,813</u>	<u>\$ -</u>	<u>\$ 1,305,537</u>

NOTE 7 - INVESTMENT INCOME

Investment income consists of the following for the years ended June 30:

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 30,527	\$ 37,812
Unrealized gains (losses)	<u>7,655</u>	<u>(16,148)</u>
Total investment income	<u>\$ 38,182</u>	<u>\$ 21,664</u>

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

NOTE 8 - OPERATING LEASES

Lease obligations for satellite offices in Knoxville and Memphis are multi-year leases, both expiring in fiscal year 2015, with options to cancel only in the event of loss of grant funding for the programs conducted at those locations.

Future lease obligations, assuming continuation of grant funding, for operating leases in effect at June 30 follows:

Year ending June 30,

2011	\$	97,140
2012		99,300
2013		101,460
2014		103,620
2015		<u>46,040</u>
	\$	<u>447,560</u>

The Agency also has a month-to-month cancelable lease for its Jackson office.

Total rent expense was approximately \$64,000 and \$57,000 for the years ended June 30, 2010 and 2009, respectively.

NOTE 9 - CONTINGENCIES

The Agency has received various government grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowance of expenditures, management believes that any required reimbursements would not be significant. Accordingly, no provision has been made for potential reimbursements to grantors.

NOTE 10 - EMPLOYEE BENEFIT PLANS

TVC sponsors the Tennessee Voices for Children 403(b) Plan (the "Plan") under Section 403(b) of the Internal Revenue Code established on January 1, 2009. All employees are eligible to make elective deferrals on their date of hire. Upon completion of three months of service, employees become eligible for matching and nonelective contributions. TVC may make discretionary matching and nonelective contributions to the Plan. TVC's discretionary match was 1% from January 1, 2009 through December 31, 2009 when it was increased to 2%. Such contributions amounted to \$81,705 and \$67,088 for the years ended June 30, 2010 and 2009, respectively.

## ADDITIONAL INFORMATION

TENNESSEE VOICES FOR CHILDREN, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2010

Grant Description	Federal CFDA#	Grant Number	Grant Period	Accrued (Deferred) 7/1/09	Federal Receipts	Expenditures	Accrued (Deferred) 6/30/10
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
DIRECT:							
Federal Family Support Network	93.243	5H795M057980-02	9/30/08 - 9/29/09	\$ -	\$ -	\$ -	\$ -
Federal Family Support Network	93.243	5H795M057980-03	9/30/09 - 9/29/10	-	55,796	61,731	5,935
Total CFDA 93.243				-	55,796	61,731	5,935
<b>PASSED THROUGH TENNESSEE STATE UNIVERSITY</b>							
TSU/TECTA	93.575	PO-029123	3/1/10 - 6/30/10	-	1,122	20,841	19,719
<b>PASSED THROUGH STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH</b>							
Mulero Family Network	* 93.104	GR-09-25567-00	7/1/08 - 6/30/09	161,081	161,081	-	-
Mulero Family Network	* 93.104	GR-10-29484-01	7/1/09 - 6/30/10	-	381,673	424,667	42,994
K-Town Youth Empowerment Network	* 93.104	GR-10-30677-00	11/1/09 - 6/30/10	-	188,595	280,653	92,058
Just Care Family Network	* 93.104	GR-09-27706-02	2/1/09 - 6/30/10	21,327	759,812	968,857	230,372
Total CFDA 93.104				182,408	1,491,161	1,674,177	365,424
Family Support and Advocacy **	93.958	GR-10-28764-01	7/1/09 - 6/30/10	-	209,045	234,715	25,670
Ten Screen **	93.958	GR-10-28742-01	7/1/09 - 6/30/10	-	13,175	15,163	1,988
Total CFDA 93.958				-	222,220	249,878	27,658
<b>U.S. DEPARTMENT OF JUSTICE</b>							
PASSED THROUGH STATE OF TENNESSEE-TENNESSEE COMMISSION ON CHILDREN & YOUTH							
Juvenile Justice and Delinquency Prevention Act Federal Formula Grant (FFG)	16.540	GR-09-213556-00	10/1/08 - 9/30/09	7,738	7,738	-	-
Juvenile Justice and Delinquency Prevention Act Federal Formula Grant (FFG)	16.540	GR-09-213585-00	10/1/09 - 9/30/10	-	18,094	23,492	5,398
Total CFDA 16.540				7,738	25,832	23,492	5,398
<b>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>							
PASSED THROUGH MIDDLE TENNESSEE STATE UNIVERSITY (MTSU)							
MTSU Talk Program	14.904	TNLR0036-08	4/1/10 - 9/30/11	-	-	2,357	2,357
<b>U.S. DEPARTMENT OF EDUCATION</b>							
DIRECT:							
Parent Information and Resource Center	84.310A	U310A060182-08	10/1/06 - 9/30/09	56,060	56,060	-	-
Parent Information and Resource Center	84.310A	U310A060182-09	10/1/09 - 9/30/10	-	412,902	480,037	67,135
Total CFDA 84.310A				56,060	468,962	480,037	67,135
<b>PASSED THROUGH STATE OF TENNESSEE DEPARTMENT OF EDUCATION</b>							
Youth Violence and Drug Use Prevention	84.186B	Z-09-212349-00	10/1/08-6/30/09	41,255	41,255	-	-
Youth Violence and Drug Use Prevention	84.186B	GR-10-28040-00	7/1/09 - 6/30/10	-	58,559	87,369	28,810
Total CFDA 84.186B				41,255	99,814	87,369	28,810
Team Tennessee	84.181	GR-10-29187-00	9/1/09 - 6/30/10	-	56,500	94,237	37,737
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 287,461	\$ 2,421,407	\$ 2,694,119	\$ 560,173

\* Considered a major program under OMB Circular A-133.

\*\* Grant is funded by federal and state awards. Federal award expenditures are reported on page 18 and state award expenditures are reported on page 19.

See Note to Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards on page 20.

TENNESSEE VOICES FOR CHILDREN, INC.

SCHEDULE OF EXPENDITURES OF STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2010

Grant Description	Grant Number	Grant Period	Accrued (Deferred) 7/1/09	State Receipts	Expenditures	Accrued (Deferred) 6/30/10
<b>TENNESSEE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES</b>						
Child Care Consultation	GR-09-25744-00	7/1/08 - 6/30/09	\$ 39,116	\$ 39,116	\$ -	-
Child Care Consultation	GR-10-27849-00	7/1/09 - 6/30/10	-	124,200	158,988	34,788
Family Support and Advocacy **	GR-09-25416-00	7/1/08 - 6/30/09	95,730	95,730	-	-
Family Support and Advocacy **	GR-10-28764-01	7/1/09 - 6/30/10	-	77,403	86,908	9,505
Teen Screen **	GR-09-24908-00	7/1/08 - 6/30/09	28,044	28,044	-	-
Teen Screen **	GR-10-28742-01	7/1/09 - 6/30/10	-	80,064	92,145	12,081
Tennessee Respite Network	GR-09-25745-01	7/1/08 - 6/30/09	19,231	19,231	-	-
Tennessee Respite Network	GR-10-29796-00	7/1/09 - 6/30/10	-	59,052	73,086	14,034
Middle Tennessee Respite Subsidy Program	GR-09-25745-00	7/1/08 - 6/30/09	22,252	22,252	-	-
Middle Tennessee Respite Subsidy Program	GR-10-29795-00	7/1/09 - 6/30/10	-	26,164	42,233	16,069
<b>TOTAL TENNESSEE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES</b>			<b>204,373</b>	<b>571,256</b>	<b>453,360</b>	<b>86,477</b>
<b>TENNESSEE DEPARTMENT OF EDUCATION</b>						
Porter Leath Center	GR-09-26200-00	10/1/08 - 6/30/09	22,683	22,683	-	-
Porter Leath Center	GR-10-28013-00	7/1/09 - 6/30/10	-	62,473	99,329	36,856
<b>TOTAL TENNESSEE DEPARTMENT OF EDUCATION</b>			<b>22,683</b>	<b>85,156</b>	<b>99,329</b>	<b>36,856</b>
<b>TENNESSEE DEPARTMENT OF CHILDREN'S SERVICES</b>						
Family Connections for Mid Cumberland Region	GR-09-27083-00	7/1/08 - 6/30/09	4,260	4,260	-	-
Intensive In-Home Family Preservation Services	GR-08-21942-00	7/1/08 - 6/30/09	33,160	33,160	-	-
Intensive In-Home Family Preservation Services	GR-08-21942-00	7/1/09 - 6/30/10	-	226,520	244,400	17,880
<b>TOTAL TENNESSEE DEPARTMENT OF CHILDREN'S SERVICES</b>			<b>37,420</b>	<b>263,940</b>	<b>244,400</b>	<b>17,880</b>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<b>\$ 264,476</b>	<b>\$ 920,352</b>	<b>\$ 797,089</b>	<b>\$ 141,213</b>

\*\* See page 18 for explanation.

See Note to Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards on page 20.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND SCHEDULE OF EXPENDITURES OF STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards include the federal and state grant activity, respectively, of the Agency and are presented on the accrual basis of accounting. The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.



## OTHER REPORTS



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors  
Tennessee Voices for Children, Inc.  
Nashville, Tennessee

We have audited the financial statements of Tennessee Voices for Children, Inc. ("TVC") as of and for the year ended June 30, 2010, and have issued our report thereon dated January 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Tennessee Voices for Children, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TVC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of TVC's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tennessee Voices for Children, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Tennessee Voices for Children, Inc. in a separate letter dated January 20, 2011.

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Y. H. CPAs PLLC". The signature is stylized, with the "Y" and "H" being particularly prominent and connected.

Nashville, Tennessee  
January 20, 2011

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors  
Tennessee Voices for Children, Inc.  
Nashville, Tennessee

Compliance

We have audited Tennessee Voices for Children, Inc.'s ("TVC") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of TVC's major federal programs for the year ended June 30, 2010. TVC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of TVC's management. Our responsibility is to express an opinion on TVC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about TVC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of TVC's compliance with those requirements.

In our opinion, TVC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

Management of Tennessee Voices for Children, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered TVC's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of TVC's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Y. H. CPAs PLLC". The signature is stylized, with the "Y" and "H" being particularly prominent and connected.

Nashville, Tennessee  
January 20, 2011

TENNESSEE VOICES FOR CHILDREN, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2010

**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ yes        x   no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?   x   yes      \_\_\_\_\_ no