



**AMERICAN CHILDREN'S ORCHESTRAS  
FOR PEACE, INC.**

Financial and Compliance Report  
for The Children's Trust Contracts

For The Year Ended  
December 31, 2020

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Independent Auditors' Report on the Schedule of Expenditures of The Children's Trust Contracts

To the Board of Directors  
American Children's Orchestras for Peace, Inc.  
Miami, Florida

***Report on the Schedule of Expenditures of The Children's Trust Contracts***

We have audited the accompanying Schedule of Expenditures (collectively, the "Schedules") of The Children's Trust Contracts (2114-2020 and 2014-2020) of American Children's Orchestras for Peace, Inc. (the "Organization") for the year ended December 31, 2020, and the related notes to the Schedules.

***Management's Responsibility for the Schedules***

Management is responsible for the preparation and fair presentation of the Schedules 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 the Schedules that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility for the Schedules***

Our responsibility is to express an opinion on the Schedules based on our audit. 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; and The Children's Trust contracts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Schedules, 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 Schedules 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 Schedules.

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 Schedules referred to above present fairly, in all material respects, the expenditures of The Children's Trust Contracts (2114-2020 and 2014-2020) of American Children's Orchestras for Peace, Inc. for the year ended December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2021 on our consideration of the Organization'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 opinions on the 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 audit.

***Other Matters***

As described in Note 2, the accompanying Schedule referred to above presents only the expenditures relating to The Children's Trust contracts and is not intended to be a complete presentation of all expenditures of American Children's Orchestras for Peace, Inc. nor a complete presentation of financial statements in accordance with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and the use of The Children's Trust and the board of directors and management of American Children's Orchestras for Peace, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
June 1, 2021

**AMERICAN CHILDREN'S ORCHESTRAS FOR PEACE, INC.**  
**SCHEDULE OF EXPENDITURES OF**  
**THE CHILDREN'S TRUST CONTRACTS**  
**For the year ended December 31, 2020**

<u>Contract Name</u>	<u>Contract Term</u>	<u>Contract Number</u>	<u>Contract Amount</u>	<u>Cumulative Contract Expenditures</u>	<u>2020 Fiscal Year Expenditures</u>
Youth Development Arts Program	8/1/20 - 7/31/21	2114-2020	\$ 324,044	\$ 75,668	\$ 75,668
Youth Development Arts Program	8/1/19 - 7/31/20	2014-2020	\$ 324,044	\$ 323,766	\$ 233,017
Total expenditures of The Children's Trust Programs				<u>\$ 399,434</u>	<u>\$ 308,685</u>

The accompanying notes are an integral part of this schedule

**AMERICAN CHILDREN'S ORCHESTRAS FOR PEACE, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES**  
**DECEMBER 31, 2020**

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**Note 1 – General**

The Schedule of Expenditures of The Children's Trust Contracts included herein represents all of The Children's Trust contracts of American Children's Orchestras for Peace, Inc. for the year ended December 31, 2020.

Organization

American Children's Orchestras for Peace, Inc. (the "Organization") is a not-for-profit organization whose objective is to achieve peace, created for children through music, in an environment free of violence. The Organization has developed musical programs to provide children with alternatives to the cycle of poverty and to involve the general community through free concerts at schools, parks and other institutions.

The Organization qualifies as a tax exempt not-for-profit organization under Section 501(c) (3) of the Internal Revenue Code.

**Note 2 – Basis of Presentation**

The Schedule of Expenditures of The Children's Trust Contracts is presented on the accrual basis of accounting for not-for-profit organizations and includes expenses incurred by the Organization during the year ended December 31, 2020.

Allocation of Expenditures

Expenditures are invoiced in accordance with the budget as approved by The Children's Trust. As The Children's Trust Contract is a cost reimbursement method of payment, expenditures are allocated to the contracts based on the specific identification of direct costs and allocations of indirect costs as approved per the budget.

Advances

As of December 31, 2020, a liability for funds advanced to the Organization by The Children's Trust totaled \$0.

Operating Rent Expense

The Organization rents its administrative facility. For the year ended December 31, 2020, \$19,855 was reimbursed by The Children's Trust in relation to its contracts.

Use of Estimates

The preparation of the Schedule in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



Independent Auditor's Report on Compliance for each of The Children's Trust Contracts  
and Report on Internal Control Over Compliance

To the Board of Directors of  
American Children's Orchestras for Peace, Inc.  
Miami, Florida

***Report on Compliance for each of the Children's Trust Contract***

We have audited American Children's Orchestras for Peace, Inc.'s (the "Organization") compliance with the types of compliance requirements described in The Children's Trust contracts that could have a direct and material effect on each of American Children's Orchestras for Peace, Inc.'s contracts with The Children's Trust (2114-2020 and 2014-2020) for the year ended December 31, 2020.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to The Children's Trust contracts.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's Children's Trust contracts based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and The Children's Trust contracts. Those standards and The Children's Trust contracts 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 The Children's Trust contracts occurred. An audit includes examining, on a test basis, evidence about the Organization'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 on compliance for each of The Children's Trust contracts. However, our audit does not provide a legal determination of the Organization's compliance.

***Opinion on each of The Children's Trust Contracts***

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of The Children's Trust contracts (2114-2020 and 2014-2020) for the year ended December 31, 2020.

## Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, and contracts applicable to The Children's Trust contracts. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on each of The Children's Trust contracts to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with The Children's Trust contracts, 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 the Organization'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 The Children's Trust contracts 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 The Children's Trust contracts, will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of The Children's Trust contracts that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 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. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements The Children's Trust contracts. Accordingly, this report is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
June 1, 2021



**AMERICAN CHILDREN'S ORCHESTRAS FOR PEACE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended December 31, 2020**

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**Section I - Summary of Auditor's Results**

**The Children's Trust Contracts Program Specific Audit**

Type of auditor's report issued for program-specific audit:	Unmodified
Internal control over program:	
Material weakness(es) identified?	No
Significant deficiency identified that are not considered to be material weakness(es)?	No
Any audit findings or questioned costs?	No