

Volunteers of America Ohio & Indiana

(A Non-Profit Organization)

YEARS ENDED JUNE 30, 2022 AND 2021

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

YEARS ENDED JUNE 30, 2022 AND 2021

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Independent Auditor's Report

Board of Directors
Volunteers of America Ohio & Indiana
(A Non-Profit Organization)
Columbus, OH
Indianapolis, IN

Opinion

We have audited the accompanying financial statements of Volunteers of America Ohio and Indiana (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Volunteers of America Ohio and Indiana as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Volunteers of America Ohio and Indiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of Federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and supplementary information, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal awards and supplementary information are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2022, on our consideration of Volunteers of America Ohio and Indiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Volunteers of America Ohio and Indiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Volunteers of America Ohio and Indiana's internal control over financial reporting and compliance.



Cleveland, Ohio
October 24, 2022

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

STATEMENTS OF FINANCIAL POSITION - JUNE 30, 2022 AND 2021

ASSETS

	2022	2021
Current assets:		
Cash and cash equivalents	\$ 14,757,979	\$ 24,193,825
Accounts receivable, net of allowance of \$696,400 at June 30, 2022 and \$931,000 at June 30, 2021	5,242,521	3,626,844
Pledges receivable, net	65,292	58,874
Prepaid expenses	328,488	247,450
Assets held for sale	-	1,033,717
Total current assets	20,394,280	29,160,710
Fixed assets:		
Land and buildings	52,109,155	46,399,133
Furnishings and equipment	9,999,538	8,983,682
Accumulated depreciation	(25,183,422)	(22,874,699)
Total fixed assets	36,925,271	32,508,116
Other assets:		
Long-term investments	23,667,432	16,536,347
Other assets	5,128,385	1,629,249
Total other assets	28,795,817	18,165,596
	\$ 86,115,368	\$ 79,834,422

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 789,873	\$ 1,524,364
Current portion of long-term debt	364,094	353,269
PPP note payable	-	7,700,517
Accrued expenses	2,994,346	2,310,513
Deferred revenue	830,314	-
Other current liabilities	1,496,402	587,379
Total current liabilities	6,475,029	12,476,042
Other liabilities:		
Notes and loan payable	1,497,165	1,797,165
Mortgages payable, noncurrent	3,162,071	3,376,165
Interest rate swap liability	5,830	393,015
Other liabilities	17,358	28,136
Total other liabilities	4,682,424	5,594,481
Total liabilities	11,157,453	18,070,523
Net assets:		
Without donor restrictions:		
General	63,746,915	53,647,292
Board designated	10,187,330	6,523,359
Total net assets without donor restrictions	73,934,245	60,170,651
With donor restrictions	1,023,670	1,593,248
Total net assets	74,957,915	61,763,899
	\$ 86,115,368	\$ 79,834,422

See notes to financial statements.

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues from operations:			
Public support received directly:			
Contributions	\$ 22,939,908	\$ 901,423	\$ 23,841,331
Contributions, in-kind	-	39,016	39,016
Total public support	22,939,908	940,439	23,880,347
Revenue and grants from governmental agencies	51,783,648	-	51,783,648
Other revenue:			
Program service fees	670,584	-	670,584
Rental income	383,754	-	383,754
Other operating revenue	278,838	-	278,838
Total revenue	76,056,732	940,439	76,997,171
Net assets released from restrictions	1,510,017	(1,510,017)	-
Total revenue from operations	77,566,749	(569,578)	76,997,171
Operating expenses:			
Retail stores	15,223,440	-	15,223,440
Auto donation	361,700	-	361,700
Veterans services	15,291,325	-	15,291,325
Re-entry programs	15,531,475	-	15,531,475
Housing programs	2,196,097	-	2,196,097
Behavioral health	11,313,272	-	11,313,272
Total program services	59,917,309	-	59,917,309
Management and general	10,279,103	-	10,279,103
Resource development	1,132,616	-	1,132,616
Total supporting services	11,411,719	-	11,411,719
Total operating expenses	71,329,028	-	71,329,028
Excess (loss) from operations	6,237,721	(569,578)	5,668,143
Nonoperating gains, losses and other revenue:			
Investment gain, net	619,922	-	619,922
Gain on forgiveness of PPP loan payable	7,700,517	-	7,700,517
Gain on disposition of fixed assets	2,540,201	-	2,540,201
Change in value of interest rate swap	387,185	-	387,185
Unrealized loss on investments, net	(3,721,952)	-	(3,721,952)
Excess from other activities	7,525,873	-	7,525,873
Change in net assets	13,763,594	(569,578)	13,194,016
Net assets, beginning of year	60,170,651	1,593,248	61,763,899
Net assets, ending of year	\$ 73,934,245	\$ 1,023,670	\$ 74,957,915

See notes to financial statements.

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues from operations:			
Public support received directly:			
Contributions	\$ 22,622,400	\$ 1,183,351	\$ 23,805,751
Contributions, in-kind	-	31,482	31,482
Legacies and bequests	399,920	-	399,920
	23,022,320	1,214,833	24,237,153
Revenue and grants from governmental agencies	46,065,513	-	46,065,513
Other revenue:			
Program service fees	695,310	-	695,310
Rental income	411,921	-	411,921
HHS stimulus	967,628	-	967,628
Other operating revenue	56,265	-	56,265
	71,218,957	1,214,833	72,433,790
Net assets released from restrictions	186,162	(186,162)	-
Total revenue from operations	71,405,119	1,028,671	72,433,790
Operating expenses:			
Retail stores	12,988,781	-	12,988,781
Auto donation	408,857	-	408,857
Veterans services	14,810,217	-	14,810,217
Re-entry programs	14,005,428	-	14,005,428
Housing programs	3,072,279	-	3,072,279
Behavioral health	9,215,042	-	9,215,042
	54,500,604	-	54,500,604
Management and general	9,041,397	-	9,041,397
Resource development	973,988	-	973,988
	10,015,385	-	10,015,385
Total supporting services	10,015,385	-	10,015,385
Total operating expenses	64,515,989	-	64,515,989
Excess from operations	6,889,130	1,028,671	7,917,801
Nonoperating gains, losses and other revenue:			
Investment gain, net	923,869	-	923,869
Loss on disposition of fixed assets	(889)	-	(889)
Change in value of interest rate swap	232,132	-	232,132
Unrealized gain on investments, net	2,225,012	-	2,225,012
	3,380,124	-	3,380,124
Change in net assets	10,269,254	1,028,671	11,297,925
Net assets, beginning of year	49,901,397	564,577	50,465,974
Net assets, ending of year	\$ 60,170,651	\$ 1,593,248	\$ 61,763,899

See notes to financial statements.

VOLUNTEERS OF AMERICA OHIO & INDIANA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program Services						Program Services Total	Supporting Services		Supporting Services Total	Total Program and Supporting Services Expenses
	Retail Stores	Auto Donation	Veteran Services	Re-entry Programs	Housing Programs	Behavioral Health		Management and General	Resource Development		
Salaries	\$ 8,085,190	\$ 102,764	\$ 6,967,208	\$ 7,307,607	\$ 726,855	\$ 6,543,314	\$ 29,732,938.00	\$ 5,221,271	\$ 726,382	\$ 5,947,653.00	\$ 35,680,591
Employee benefits	1,595,862	24,369	1,684,632	1,645,319	216,728	1,518,794	6,685,704	1,148,062	209,509	1,357,571	8,043,275
Professional services	415,470	188,472	369,615	940,713	88,993	794,877	2,798,140	2,850,679	112,532	2,963,211	5,761,351
Occupancy expense	2,457,044	9,119	724,413	1,503,581	64,438	537,436	5,296,031	224,289	62	224,351	5,520,382
Specific assistance	-	-	3,437,544	49,276	856,904	481,989	4,825,713	-	1	1	4,825,714
Program supplies and equipment	1,487,237	19,214	1,016,350	2,845,579	67,385	722,325	6,158,090	174,657	10,955	185,612	6,343,702
Office supplies and expenses	414,255	8,253	286,391	174,917	26,727	158,816	1,069,359	306,749	58,159	364,908	1,434,267
Travel, conferences and meetings	298,441	1,780	236,842	304,690	16,661	164,819	1,023,233	115,638	11,074	126,712	1,149,945
Depreciation and amortization	463,117	7,353	561,949	570,001	131,279	387,810	2,121,509	237,500	3,655	241,155	2,362,664
Interest	-	-	-	183,881	-	-	183,881	258	-	258	184,139
Other	6,824	376	6,381	5,911	127	3,092	22,711	-	287	287	22,998
Total functional expenses	<u>\$ 15,223,440</u>	<u>\$ 361,700</u>	<u>\$ 15,291,325</u>	<u>\$ 15,531,475</u>	<u>\$ 2,196,097</u>	<u>\$ 11,313,272</u>	<u>\$ 59,917,309</u>	<u>\$ 10,279,103</u>	<u>\$ 1,132,616</u>	<u>\$ 11,411,719</u>	<u>\$ 71,329,028</u>

See notes to financial statements.

VOLUNTEERS OF AMERICA OHIO & INDIANA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services						Program Services Total	Supporting Services		Supporting Services Total	Total Program and Supporting Services Expenses
	Retail Stores	Auto Donation	Veteran Services	Re-entry Programs	Housing Programs	Behavioral Health		Management and General	Resource Development		
Salaries	\$ 7,771,304	\$ 126,894	\$ 6,557,822	\$ 7,003,020	\$ 1,267,398	\$ 5,208,534	\$ 27,934,972	\$ 4,187,230	\$ 602,850	\$ 4,790,080	\$ 32,725,052
Employee benefits	425,221	15,850	1,151,839	1,104,916	259,133	1,098,113	4,055,072	871,170	163,113	1,034,283	5,089,355
Professional services	376,327	204,001	406,327	877,284	118,333	1,043,612	3,025,884	2,550,971	55,946	2,606,917	5,632,801
Occupancy expense	2,131,488	10,011	697,090	1,378,893	137,592	467,690	4,822,764	499,999	8,063	508,062	5,330,826
Specific assistance	-	-	4,121,997	18,226	932,086	231,686	5,303,995	-	-	-	5,303,995
Program supplies and equipment	1,384,519	37,416	855,915	2,437,934	86,304	612,395	5,414,483	175,264	8,235	183,499	5,597,982
Office supplies and expenses	306,609	5,638	267,085	151,053	52,294	121,893	904,572	314,972	119,472	434,444	1,339,016
Travel, conferences and meetings	210,332	1,694	190,696	232,396	26,500	116,225	777,843	58,074	12,515	70,589	848,432
Depreciation and amortization	376,244	7,353	559,706	595,624	192,134	315,317	2,046,378	319,958	3,656	323,614	2,369,992
Interest	-	-	-	194,293	-	-	194,293	4,376	-	4,376	198,669
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-
Other	6,737	-	1,740	11,789	505	(423)	20,348	59,383	138	59,521	79,869
Total functional expenses	\$ 12,988,781	\$ 408,857	\$ 14,810,217	\$ 14,005,428	\$ 3,072,279	\$ 9,215,042	\$ 54,500,604	\$ 9,041,397	\$ 973,988	\$ 10,015,385	\$ 64,515,989

See notes to financial statements.

VOLUNTEERS OF AMERICA OHIO & INDIANA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 13,194,016	\$ 11,297,925
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,362,664	2,369,992
Gain on forgiveness of PPP loan payable	(7,700,517)	-
Gain on forgiveness of debt	(150,000)	-
Loss (gain) on disposal of assets	(2,540,201)	889
Unrealized loss (gain) on investments	3,721,952	(2,225,012)
Change in value of interest rate swap	(387,185)	(232,132)
Change in estimate of workers compensation liability (see Note 1)	(40,503)	(945,362)
Decrease (increase) in assets:		
Accounts receivable	(1,615,677)	985,209
Pledges receivable	(6,418)	(1,409)
Prepaid expenses	(81,038)	(2,301)
Other assets	(248,385)	(44,022)
Increase (decrease) in liabilities:		
Accounts payable	(734,491)	(67,618)
Accrued expenses	683,833	100,662
Deferred revenue	830,314	-
Other current liabilities	949,526	302,518
Other liabilities	(10,778)	(5,878)
Net cash provided by operating activities	8,227,112	11,533,461
Cash flows from investing activities:		
Purchases of fixed assets and construction-in-progress	(10,050,392)	(904,282)
Proceeds from sale of fixed assets	3,510,000	-
Net investment activity	(10,853,037)	(1,049,140)
Net cash used in investing activities	(17,393,429)	(1,953,422)
Cash flows from financing activities:		
Proceeds from long-term debt	-	161,590
Proceeds from PPP note payable	-	7,700,517
Principal payments on long-term debt	(353,269)	(446,358)
Net cash provided by (used in) financing activities	(353,269)	7,415,749
Net increase (decrease) in cash, cash equivalents and restricted cash	(9,519,586)	16,995,788
Cash, cash equivalents and restricted cash, beginning	24,417,619	7,421,831
Cash, cash equivalents and restricted cash, ending	\$ 14,898,033	\$ 24,417,619

See notes to financial statements.

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

1. Description of organization and summary of significant accounting policies:

Description of organization:

Volunteers of America Ohio & Indiana (“Organization”) is a nonprofit spiritually based human services organization, incorporated in Ohio, that provides social services within the States of Ohio and Indiana under a charter from Volunteers of America, Inc., a national nonprofit spiritually based organization providing local human service programs, and opportunities for individual and community involvement.

Volunteers of America, Inc. focuses on three impact areas: promoting self-sufficiency, fostering independence and encouraging positive development. Within the impact area of promoting self-sufficiency, Volunteers of America, Inc. promotes self-sufficiency for individuals and families who have experienced homelessness, or other personal crisis, including chemical dependency, involvement with the corrections system and unemployment. We focus on solution-oriented approaches, using a continuum of services from prevention to intervention to long-term support. Our local programming includes a network of Retail Stores in Ohio that serves communities surrounding Aurora, Brunswick, Columbus, Mansfield and North Olmsted that provide low-cost clothing and household items. In addition to meeting the emergency needs of our communities for clothing and household items, some of these locations also serve as food pantries providing food items throughout the year and holiday food and gift baskets.

Our Veterans Services include programming for transitional housing for homeless veterans under grants from Veterans Affairs along with grants to address the special needs of chronically mentally ill veterans. Veteran employment programs, Supportive Services for Veteran Families programs and a housing program for female veterans are located throughout the service areas. A Veteran Administration contract provides services to mentally ill veterans who receive residential and other support services.

Our Re-entry Programs include halfway houses providing rehabilitation services to adult populations. Programs focus on rehabilitation, life skills, substance abuse education and counseling. Referral sources include Ohio and Indiana Department of Corrections and the Federal Bureau of Prisons. The programs are located throughout the service areas.

The Housing Programs include emergency shelters for homeless families, transitional housing programs for homeless individuals and permanent supportive housing for formerly homeless families. These programs are located in Ohio. In Indiana, the Organization manages three affordable housing facilities operating under HUD 202 and owned by Volunteers of America, Inc.; Brownstone Manor, a 52-unit facility; Gardens on Carolina, a 38-unit facility and Tremont Terrace specializing in mentally challenged adults.

Through programs designed to provide care where needed, while supporting independence to the degree possible, Volunteers of America, Inc. fosters the health and independence of the elderly and persons with disabilities, mental illness, and HIV/AIDS through quality affordable housing, health care services, and a wide range of community services. Our fostering independence programming includes housing programs previously noted for individuals dealing with mental health issues.

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

1. Description of organization and summary of significant accounting policies (continued):

Description of organization (continued):

Within the area of encouraging positive development, Volunteers of America, Inc. provides services to encourage positive development for troubled and at-risk children and youth, while also promoting the healthy development of all children, adolescents and their families. Volunteers of America, Inc.'s programs provide a continuum of care and support for young people ages birth to 21 through prevention, early intervention, and long-term services.

The Organization provides Fresh Start programs for pregnant mothers with young children. The programs focus on early intervention for infants born testing positive for opiates at the time of birth, mothers who have recently delivered and are in need of services and early intervention for mothers with Opiate Use Disorder. There are also treatment programs for men and women under criminal justice supervision designed to provide a treatment intervention for relapse rather than incarceration. Outpatient services for those transitioning out of residential treatment are also available.

Through the use of telepsych and a partnership with AIDS service organizations, the Organization has been able to increase access to treatment for people with limited transportation with significant health concerns. This is possible through the Ryan White outpatient and telepsych program that works to expand access to services for individuals diagnosed with HIV.

Supporting services:

Supporting services include all expenses not allocable to specific program services. Management and general expenses relate to the overall administration of the Organization, encompassing human resources, accounting functions and executive administration.

Resource development includes activities related to the development function, encompassing solicitation of support from fundraisers, individuals and businesses. Resource development also include participation in the direct mail program and the website program conducted by Volunteers of America, Inc.

Basis of accounting:

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to voluntary health and welfare organizations.

The more significant accounting policies of the Organization are described below:

Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

1. Description of organization and summary of significant accounting policies (continued):

Cash and cash equivalents:

Cash equivalents are all highly liquid investments with a maturity of three months or less when purchased, unless held for reinvestment as part of the investment portfolio, pledged to secure loan agreements or otherwise restricted or designated. The carrying amount approximates fair value because of the short maturity of those instruments.

The Organization maintains its cash in several bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant risk on cash and cash equivalents.

During 2021, cash and cash equivalents included \$7,700,517 received by the Organization from the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"). These funds have been utilized and the Organization received formal forgiveness of the PPP note payable during 2022, see Note 2.

Accounts receivable:

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by considering a number of factors, including the age of the receivable, changes in collection patterns, the composition of accounts by payer type, and general industry conditions. Receivables are written off when deemed uncollectible. The Organization recorded an allowance for doubtful accounts totaling approximately \$696,400 at June 30, 2022 and \$931,000 at June 30, 2021.

Pledges receivable:

Pledges receivable represent unconditional promises to give. Unpaid pledges from campaigns, net of allowance for doubtful pledges, are \$140,492 at June 30, 2022 and \$170,727 at June 30, 2021.

These receivables are pledged to be received as follows:

<u>Year ending June 30,</u>	
2023	\$ 76,815
2024	41,646
2025	30,696
2026	<u>14,751</u>
	<u>\$ 163,908</u>

At June 30, 2022 and 2021, an allowance of \$23,416 and \$30,129 was recorded for doubtful pledges, respectively.

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

1. Description of organization and summary of significant accounting policies (continued):

Assets held for sale:

Assets held for sale represent the net book value of land, building and improvements, and furnishings and equipment at the Organization's Columbus, Ohio office building that was actively for sale at June 30, 2021. Assets held for sale are composed of the following at June 30, 2021:

Land and building	\$ 3,105,709
Furnishings and equipment	2,257,404
Accumulated depreciation	<u>(4,329,396)</u>
	<u>\$ 1,033,717</u>

During July 2021, the Organization finalized the sale of the above property for \$3,150,000.

Property and equipment:

Land, buildings and equipment purchased by the Organization are recorded at cost. The Organization follows the practice of capitalizing all expenditures for land, buildings and equipment over \$5,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed on the straight-line method based upon the following estimated useful lives of the assets:

Furniture and equipment	2 – 10 years
Transportation vehicles	2 – 7 years
Buildings and improvements	2 – 40 years

Construction-in-progress included in other long-term assets totaled \$3,593,546 at June 30, 2022 and \$259,055 at June 30, 2021. Construction-in-progress is transferred to property and equipment when placed in service.

Investments:

Investments consist primarily of cash and money market funds, mutual funds, government securities and corporate stocks and bonds. They are recorded at fair value based on quoted market prices. All other investments are reported at historical cost, if purchased, or if contributed, at fair value at the date of contribution.

Restricted and designated assets:

Restricted and designated assets represent the total of all assets that are encumbered by donor restrictions, legal agreements, and board designation or are otherwise unavailable for the general use of the Organization. This category generally includes client/custodial funds, escrow/reserve funds, with or without donor restrictions and securities that are pledged and held by the lender as collateral for financing. Donors include other types of contributors, including makers of certain grants.

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

1. Description of organization and summary of significant accounting policies (continued):

Liquidity and availability:

The Organization's financial assets available within one year of the statement of financial position as of June 30, for general expenditures are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 14,757,979	\$ 16,493,308
Accounts receivable, net	5,242,521	3,626,844
Pledges receivable, net	<u>65,292</u>	<u>58,874</u>
	<u>\$ 20,065,792</u>	<u>\$ 20,179,026</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Additionally, the Organization's Board designated fund consists of investments whose income is not restricted for specific purpose, and therefore is available for general expenditures as approved by the Board. Furthermore, the Organization has \$3,000,000 available for borrowing under its lines of credit (Note 5) at June 30, 2022 and 2021. At June 30, 2021, the Organization had available \$7,700,517 in funds from the SBA PPP note payable. The loan was forgiven during 2022, see Note 2.

Net assets:

The Organization classifies net assets into two categories: with or without donor/grantor-imposed restrictions. All net assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Net assets with donor-imposed restrictions that are perpetual in nature include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity, but permitting use of all or part of the investment income earned on the contribution. The Board of Directors has designated net assets without donor restrictions totaling \$10,187,330 at June 30, 2022 and \$6,523,359 at June 30, 2021. Net assets with donor/grantor restrictions are used for the specific purpose and are normally used over a few years until the restriction is completed.

Revenue recognition:

The Organization generates revenue from contributions, revenue and grants from governmental agencies and program service fees. Revenue is reported at the amount that reflects consideration to which the Organization expects to be entitled in exchange for providing the goods or services. Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the goods and services provided by the Organization. The Organization recognizes revenue in the statements of activities and changes in net assets and contract assets in the statements of financial position only when goods and services have been sold and delivered or have been provided. Since the Organization has performed its obligations under the contracts, it has unconditional rights to the consideration recorded as contract assets and therefore, classifies those billed amounts as accounts receivable. There were no contract assets at June 30, 2022 and 2021.

VOLUNTEERS OF AMERICA OHIO & INDIANA

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

1. Description of organization and summary of significant accounting policies (continued):

Revenue recognition (continued):

Revenues from exchange transactions are recognized as performance obligations are satisfied, which in most cases are as related costs are incurred.

Revenues from non-exchange transactions (contributions) may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make further payments). Revenues from conditional non-exchange transactions are recognized when the barrier is satisfied. In addition, the Organization has elected the simultaneous release option for conditional contributions that are also subject to purpose restrictions. Under this option, net assets with donor restrictions will include the donor-restricted contributions for which the purpose restrictions were met in the same reporting period as the revenue is recognized.

Unconditional promises to give are recognized as revenue or support in the period the promise is received. Unconditional promises to give are recognized at their net realizable value. Conditional promises to give are recognized when the conditions on which they depend are met.

Program service fees are recognized as revenue when services have been rendered. Program service fees received in advance are deferred to the applicable year in which the related services are performed or expenditures are incurred and represent contract liabilities, which are recorded as deferred revenue in the statement of financial position.

The Organization operates Retail Stores throughout Ohio. Items for sale in these stores are the result of contributions of personal property from the general public. Consistent with Volunteers of America, Inc., the Organization records revenue when the items are sold rather than upon receipt of the goods. In the opinion of management, fair market value cannot be reasonably estimated at the time of receipt of these noncash contributions. This same approach is used for the recording of automobiles sold through the Ohio auto auction. The Organization allocates the transaction price for retail sales to each distinct product on their relative standalone selling price. Revenue is recognized when control of the product is transferred to the customer (i.e., when the Organization's performance obligation is satisfied), which typically occurs at the point of sale.

Disaggregation of revenue:

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, method of reimbursement, and timing of when revenue is recognized. The following is a summary of the composition of revenue from governmental agencies by payor for the years ended June 30, 2022 and 2021:

VOLUNTEERS OF AMERICA OHIO & INDIANA

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

1. Description of organization and summary of significant accounting policies (continued):

Disaggregation of revenue (continued):

	<u>2022</u>	<u>2021</u>
Department of Corrections	37%	38%
Veterans Administration	28	32
Department of Medicaid	16	10
State Programs	7	8
Department of Labor	5	5
County Programs	2	2
Community Shelter Boards	2	2
Department of Housing and Urban Development	1	1
Other	<u>2</u>	<u>2</u>
Total	<u>100%</u>	<u>100%</u>

Contributed services:

The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Operations:

The Organization defines operations as all program and supporting service activities undertaken (see Note 1). Revenues that result from these activities and their related expenses are reported as operations. Gains, losses and other revenue that result from ancillary activities, such as investing liquid assets and disposing of fixed or other assets, are reported as nonoperating.

Income taxes:

Under provision of Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the States of Ohio and Indiana, Volunteers of America Ohio & Indiana is exempt from income taxes, except for net income from unrelated business income, as a subordinate unit of Volunteers of America, Inc. Volunteers of America, Inc. is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code as a religious organization described in Section 501(c)(3). For the fiscal years ended June 30, 2022 and 2021, there was no taxable net income resulting from unrelated business activities. Accordingly, no tax expense was incurred during the years ended June 30, 2022 and 2021.

VOLUNTEERS OF AMERICA OHIO & INDIANA

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

1. Description of organization and summary of significant accounting policies (continued):

Functional expenses:

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs, management and general, and resource development expenses. Certain administrative costs associated with the grant process are not included under grants on the statement of functional expenses and have been more appropriately reflected under programs.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages and related expenses, which are allocated based on job descriptions and estimates of time and effort. Occupancy costs, including utilities, property insurance, telephone, depreciation and interest are allocated based on square footage or the total number of beds. Professional liability insurance is allocated based on the number of beds at each location covered and a weighting factor provided by the insurance agent for the cost of the different type of beds. The remaining expenses which are not directly identifiable by program service or support activities are allocated on the best estimates of management.

Changes in estimate:

For the period from July 1, 2002 through June 30, 2006, a portion of the Organization participated in the Ohio Bureau of Workers' Compensation Retrospective Rating Plan. Under the plan, a portion of the risk associated with claims was assumed by the Organization. The period of liability has since expired and as a result, the Organization decreased the recorded liability by \$40,503 during the year ended June 30, 2022 and \$945,362 during the year ended June 30, 2021. At June 30, 2022, no amounts remain.

Recent accounting pronouncements:

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842). This ASU affects all entities that enter into a lease, with some specified scope exceptions. This ASU requires lessees to recognize assets and liabilities on the statement of financial position for leases with lease terms greater than twelve months. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as finance or operating lease. This ASU amends current guidance that requires only capital leases to be recognized on the lessee's statement of financial position. The ASU will also require additional disclosures on the amount, timing and uncertainty of cash flows arising from leases. During June 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842) *Effective Dates for Certain Entities* to defer the implementation dates of the previously issued ASUs. Therefore, the Organization required to adopt and implement the ASU for leases for fiscal years beginning after December 31, 2021 (year end June 30, 2023), however early application is permitted. The Organization is currently evaluating the impact this ASU will have on its financial statements and will adopt the provisions of this ASU upon the effective date.

VOLUNTEERS OF AMERICA OHIO & INDIANA

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

1. Description of organization and summary of significant accounting policies (continued):

Recent accounting pronouncements (continued):

In September 2020, the FASB issued ASU No. 2020-07, *Not for Profit Entities* (Topic 958): Presentation and Disclosures by Not for Profit Entities for Contributed Nonfinancial Assets. This ASU is intended to increase transparency about contributed nonfinancial assets, including how the assets are used and valued. This ASU is effective for fiscal years beginning after June 15, 2021 (year end June 30, 2023). Early adoption of this ASU is permitted and retrospective application is required.

The Organization is currently evaluating the impact these ASUs will have on its financial statements and will adopt the provisions of these ASUs upon the effective dates.

2. COVID-19 pandemic:

The COVID-19 pandemic has created economic uncertainties, which has contributed to the significant volatility for businesses. Consequently, there is and will continue to be uncertainty and risk with respect to the Organization and its financial results that may have continuing adverse consequences for an extended period of time. On March 27, 2020, the Coronavirus Aid Relief and Economic Security Act (the "CARES Act") was signed into law. As a result, the Organization received significant funds from the SBA PPP forgivable loan program during the year ended June 30, 2021 and stimulus funds during the years ended June 30, 2022 and 2021.

This funding was provided to assist with ongoing operations of the Organization. Management has, and will continue to, monitor the situation to make changes to its operations in an attempt to minimize any future financial impact. The Organization was impacted by certain provisions of the CARES Act, as summarized below:

Stimulus funding:

The Organization received stimulus funding from programs under the CARES Act and subsequently issued guidance during the year ended June 30, 2021. The funds are required to be used for increase in expenses and/or lost revenue relating to the COVID-19/pandemic. The Organization recognizes stimulus relief funds as income once there is reasonable assurance that the applicable terms and conditions required to retain the funds have been met. The Organization received and recognized \$179,512 in 2022 and \$967,628 in 2021 of aggregate stimulus relief funds as HHS stimulus revenue. The above amounts received are Federal funds received from the U.S. Department of Health and Human Services (HHS).

VOLUNTEERS OF AMERICA OHIO & INDIANA

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

2. COVID-19 pandemic (continued):

SBA Paycheck Protection Program note payable:

During the year ended June 30, 2021, the Organization received a forgivable loan from the SBA PPP totaling \$7,700,517. The loan funds were provided from the provisions of the CARES Act and are forgivable by the SBA, if amounts are used for eligible payroll costs and other eligible expenses as defined in the CARES Act and other SBA related issued guidance. At June 30, 2021, in accordance with U.S. GAAP, the Organization has recorded the forgivable loan in accordance with FASB ASC 450-30 (Debt) and, therefore has recorded the loan as a current liability until the loan is expected to be forgiven by the SBA during the year ended June 30, 2022. The loan is an unsecured two year note payable with interest at 1%. During 2022, the Organization applied for and received forgiveness of the loan and recorded the gain on forgiveness of PPP loan payable in the statement of activities and changes in net assets.

3. Investments:

Investments are shown on the statements of financial position at fair market value. The following summarizes cost and market value:

	<u>Aggregate Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (loss)</u>
<u>June 30, 2022</u>			
Cash and money market funds	\$ 591,776	\$ 591,776	
Certificates of deposit	1,550,434	1,533,807	\$ (16,627)
Corporate stocks and bonds	11,304,233	12,829,069	1,524,836
Mutual funds	<u>8,926,678</u>	<u>8,712,780</u>	<u>(213,898)</u>
	<u>\$ 22,373,121</u>	<u>\$ 23,667,432</u>	<u>\$ 1,294,311</u>
	<u>Aggregate Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>
<u>June 30, 2021</u>			
Cash and money market funds	\$ 551,193	\$ 551,193	
Certificates of deposit	1,125,713	1,164,690	\$ 38,977
Corporate stocks and bonds	4,745,930	8,386,732	3,640,802
Mutual funds	<u>5,097,248</u>	<u>6,433,732</u>	<u>1,336,484</u>
	<u>\$ 11,520,084</u>	<u>\$ 16,536,347</u>	<u>\$ 5,016,263</u>

The Organization's investments and some cash equivalents are held and managed by investment managers. Although the Organization has a diverse investment portfolio, a substantial portion of its realization is dependent upon the markets in which the investments are traded and the investment managers' abilities to properly manage the portfolio.

VOLUNTEERS OF AMERICA OHIO & INDIANA

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

4. Fair value:

The following information is presented in accordance with accounting guidance, which defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. The accounting guidance establishes a three-level valuation hierarchy for disclosure of fair value measurements based upon the transparency of inputs to the valuation of an asset as of the measurement date.

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets in active markets, and inputs that are observable for the asset, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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.

Assets measured at fair value on a recurring basis at June 30, 2022 and 2021 were as follows:

<u>Level 1</u>	<u>2022</u>	<u>2021</u>
Equity securities:		
Consumer products industry	\$ 1,795,511	\$ 1,649,915
Financial industry	1,384,780	790,183
Food and beverage industry	617,438	280,884
Health care industry	1,101,635	651,274
Industrial goods industry	788,869	440,481
Manufacturing industry	22,605	298,037
Oil and gas industry	553,795	445,874
Services industry	2,061,412	1,672,975
Technology industry	685,284	495,805
Utilities industry	<u>315,686</u>	<u>336,845</u>
Total equity securities	9,327,015	7,062,273
Money market funds	591,776	551,193
Certificates of deposit	1,533,807	1,164,690
Government securities	248,188	
Corporate bonds	3,253,866	1,324,459
Mutual funds:		
Equity funds	3,215,964	2,426,270
Bond funds	<u>5,496,816</u>	<u>4,007,462</u>
	23,667,432	16,536,347
<u>Level 2</u>		
Interest rate swap liability	<u>(5,830)</u>	<u>(393,015)</u>
	<u>\$ 23,661,602</u>	<u>\$ 16,143,332</u>

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

4. Fair value (continued):

The following is a description of the Organization's valuation methodologies for assets and liabilities measured at fair value. Fair value for Level 1 is based upon quoted market prices for equities, net asset values at the end of the year for mutual funds, and face value which approximates fair value for money market funds, certificates of deposit, government securities and corporate bonds.

5. Lines of credit:

At June 30, 2022 and 2021, the Organization had a line of credit with a total maximum amount of \$1,000,000 available. No funds were drawn on the line of credit at June 30, 2022 and 2021. The interest rate was 4.75% at June 30, 2022 and 4.5% at June 30, 2021.

A second line of credit with a total maximum of \$2,000,000 is available. No funds were drawn on the line of credit at June 30, 2022 and 2021. The interest rate was 4.75% at June 30, 2022 and 3.25% at June 30, 2021.

6. Mortgages payable:

A mortgage payable in the amount of \$103,367 at June 30, 2020 was due in monthly installments of \$8,699 including interest at a rate of 3.07% at June 30, 2020, payable to a bank. This loan was collateralized by the associated property and includes an interest rate swap and was payable through May 2021. All outstanding principal and interest was repaid at maturity in May 2021.

A mortgage payable in the amount of \$3,376,166 at June 30, 2022 and \$3,579,435 at June 30, 2021 is due in monthly installments of \$32,095 including interest at 3.62% at June 30, 2022 and 2.37% at June 30, 2021 payable to a bank. Interest expense under this mortgage totaled \$153,881 in 2022 and \$192,438 in 2021. This loan is collateralized by the associated property and includes an interest rate swap, and is payable through March 2029.

A promissory note was entered into on July 26, 2018 for \$1,000,000 with the Indiana Housing and Community Development Authority (IHCDA) with a zero percent (0%) per annum interest rate until paid in full. The loan will mature July 31, 2024. The scheduled annual payments will be deemed received by IHCDA if paid directly to the Welcoming Indiana's Next Generation Fund (WINGS Fund) of the City of Evansville, Indiana. A similar agreement was made with IHCDA for a property in Columbus, Indiana. This loan will mature August 31, 2024. The balance under this agreement totaled \$1,647,165 at June 30, 2022 and \$1,947,164 at June 30, 2021. Amounts up to \$500,000 per note will be forgiven as long as each payment is made in a timely manner.

VOLUNTEERS OF AMERICA OHIO & INDIANA

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

6. Mortgages payable (continued):

Along with the first and second mortgages noted above, the Organization entered into interest rate swap agreements with a financial institution in May 2011, which expired in May 2021 and in March 2019, which expires in April 2029 to fix the monthly mortgage payments at a set amount. The notional amount of the interest rate swaps was \$3,376,166 at June 30, 2022 and \$3,579,435 at June 30, 2021. The Organization's interest rate swap liabilities are \$5,830 at June 30, 2022 and \$393,015 at June 30, 2021. The fair value of the interest rate swap is based on calculations prepared by the financial institution which provides for a reasonable approximation of the fair market value. The fair value represents an amount the financial institution would receive from the Organization if the swap agreement was canceled at that date. The fair value fluctuates based on current interest rates. The Organization makes monthly payments at a fixed rate of 5.75% and receives monthly payments at a variable rate of 3.07% at June 30, 2020 for the first mortgage (based on USD-LIBOR – ICE plus 2.9%) and 5.20% at June 30, 2022 and 2.37% at June 30, 2021 for the second mortgage (based on USD-LIBOR – ICE plus 2.3%). The net amounts are recorded monthly as interest expense.

Annual maturities are as follows:

<u>Year ending June 30,</u>	
2023	\$ 364,094
2024	375,497
2025	1,584,671
2026	250,155
2027	286,058
Thereafter	<u>2,162,855</u>
	<u>\$ 5,023,330</u>

7. Operating leases:

The Organization leases vehicles, equipment, apartments and buildings under both non-cancelable and month-to-month leases. The non-cancelable leases have various terms, the latest expiring in April 2040. Lease payments required for non-cancelable leases over the next five years are as follows:

<u>Year ending June 30,</u>	
2023	\$ 2,178,412
2024	1,879,010
2025	1,554,613
2026	1,519,501
2027	1,545,093
Thereafter	<u>6,210,828</u>
	<u>\$ 14,887,457</u>

VOLUNTEERS OF AMERICA OHIO & INDIANA

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

7. Operating leases (continued):

Rent expense under these leases and other leases that expired during the year was \$3,318,567 for the year ended June 30, 2022 and \$3,606,794 for the year ended June 30, 2021.

The Organization has entered into a non-cancelable operating lease agreement to lease a portion of one of its facilities. Future rental income to be received under the non-cancelable lease is as follows:

<u>Year ending June 30,</u>	
2023	<u>\$ 31,800</u>

Rent income under these leases and other leases that expired during the year was \$200,661 in 2022 and \$254,325 in 2021.

8. Retirement plans:

The Organization participates in a non-contributory defined benefit pension and retirement plan. The plan is administered through a commercial insurance company and covers all ministers commissioned through December 31, 1999. The plan also covers executive management effective July 1, 2013. Pension plan expense was \$295,981 in 2022 and \$301,829 in 2021. Because the plan is a multi-employer plan, the accumulated benefits and net assets available for benefits as they relate solely to the Organization are not readily available.

All employees are covered by a 403(b) plan provided by Volunteers of America, Inc. Under this plan, fulltime employee contributions up to 3% of compensation are matched. Fulltime employees vest in the Organization's match over a period of five years based on initial service date. Expense for the 403(b) plan was \$273,283 in 2022 and \$278,404 in 2021.

9. Related party transactions:

The Organization is affiliated with Volunteers of America, Inc., which provides supporting services to the Organization for a fee. Chartering services fees for the fiscal year ended June 30, 2022 and 2021 totaled \$1,193,988 and \$1,195,818, respectively. Amounts due to Volunteers of America, Inc. for national fees was \$7,859 at June 30, 2022 and \$24,971 at June 30, 2021.

Volunteers of America, Inc.'s Direct Mail Campaign generated \$120,880 in 2022 and \$171,766 in 2021, of which the Organization paid \$51,647 in 2022 and \$91,930 in 2021.

In August 2014, the Organization signed an additional guaranty of completion for the construction of a 100-unit mental health housing facility located in Columbus. This tax credit project began construction in September 2014 and was completed in January 2016. The equity partners have fully funded the project and all loans are being repaid at which time the guarantee will no longer be required. The amount guaranteed to cover this agreement is \$8.2 million. In addition, the Organization received a developer fee related to the tax credit project. The Organization was owed \$209,507 from the project at June 30, 2021, which was included in accounts receivable in the accompanying statement of financial position, these amounts were collected during the year ended June 30, 2022.

VOLUNTEERS OF AMERICA OHIO & INDIANA

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

10. Net assets with donor restrictions:

Net assets with donor restrictions at June 30, 2022 and 2021 consisted of:

	<u>2022</u>	<u>2021</u>
Time restricted pledges	\$ 131,295	\$ 157,518
Time restricted contributions	<u>892,375</u>	<u>1,435,730</u>
	<u>\$ 1,023,670</u>	<u>\$ 1,593,248</u>

11. Net assets released from restriction:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, by occurrence of other events specified by donors during the fiscal year or the passage of time.

Purpose restrictions accomplished at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Other expenditures	<u>\$ 1,510,017</u>	<u>\$ 186,162</u>

12. Beneficial interest in trust:

Volunteers of America Ohio & Indiana is one of several beneficiaries of a charitable trust. The Organization elected to receive 5% of the average market value. During the year ended June 30, 2021, the charitable trust was liquidated and the Organization received \$196,296 which represented 16.33% of the principal balance of the trust and is recorded as a legacy and bequest in the financial statements.

Because neither the trust termination value nor the trust termination date could be determined, no amounts had been recorded as an asset, instead income was recognized as received.

13. Statements of cash flows:

Due to the Organization's implementation of ASU No. 2016-18, cash and restricted cash included in the statements of cash flows at June 30, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Cash	\$ 14,757,979	\$ 24,193,825
Restricted cash (other assets)	<u>140,054</u>	<u>223,794</u>
	<u>\$ 14,898,033</u>	<u>\$ 24,417,619</u>

VOLUNTEERS OF AMERICA OHIO & INDIANA

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

13. Statements of cash flows (continued):

During fiscal years ended June 30, 2022 and 2021, the Organization paid cash for interest totaling \$186,504 and \$194,353, respectively.

Supplemental disclosure of noncash investing and financing activities:

During the fiscal year ended June 30, 2021, the Organization reclassified property with a net book value of \$1,033,717 as assets held for sale (Note 1).

14. Subsequent events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 24, 2022, the date the Organization's financial statements were available to be issued.

VOLUNTEERS OF AMERICA OF OHIO & INDIANA

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity/ Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Supportive Housing Program:			
Permanent Supportive Housing - Columbus	14.267	OH0094UdE032013	\$ 571,969
Supportive Housing Program - Crossroads	14.235	OH0174L5E071912	101,761
Supportive Housing Program - Crossroads	14.235	OH0174L5E072013	160,192
Supportive Housing Program - Almost Home	14.235	OH0565L5E072004	125,173
Supportive Housing Program - Almost Home	14.235	N/A	<u>28,523</u>
	Subtotal		<u>415,649</u>
Emergency Shelter Program - Harmon/Crossroads	14.231	S-L-19-7IM-1	42,000
Passed through from the Board of County Commissioners Erie County:			
Emergency Shelter Program	14.231	N/A	<u>14,100</u>
	Subtotal		<u>56,100</u>
Passed through from an Indiana County:			
Community Development Block Grant	14.218	N/A	1,347
Passed through from Erie County:			
Community Development Block Grant	14.218	N/A	<u>24,356</u>
			<u>1,069,421</u>
U.S. Department of Labor:			
Homeless Veterans Reintegration Program - Akron-Canton	17.805	HV33328HV1	217,994
Homeless Veterans Reintegration Program - Cleveland	17.805	HV35273HV0	43,487
Homeless Veterans Reintegration Program - Cleveland	17.805	HV35273HV1	360,000
Homeless Veterans Reintegration Program - Cincinnati	17.805	HV35275HV0	32
Homeless Veterans Reintegration Program - Cincinnati	17.805	HV35275HV1	315,000
Homeless Veterans Reintegration Program - Columbus	17.805	HV33326HV0	62,028
Homeless Veterans Reintegration Program - Columbus	17.805	HV35274HV1	269,698
Homeless Veterans Reintegration Program - Dayton	17.805	HV33829HV0	30,156
Homeless Veterans Reintegration Program - Dayton	17.805	HV33829HV1	297,055
Homeless Veterans Reintegration Program - Fort Wayne	17.805	HV35282HV0	19,849
Homeless Veterans Reintegration Program - Fort Wayne	17.805	HV35282HV1	231,122
Homeless Veterans Reintegration Program - Indianapolis	17.805	HV35279HV0	35,735
Homeless Veterans Reintegration Program - Indianapolis	17.805	HV35279HV1	264,924
Homeless Veterans Reintegration Program - Gary	17.805	HV33828HV1	<u>215,000</u>
			<u>2,362,080</u>
U.S. Department of Veteran Affairs:			
Supportive Services for Veteran Families - Columbus, Cleveland, Dayton	64.033	2019-OH-269-C2	1,523,050
Supportive Services for Veteran Families - Columbus, Cleveland, Dayton	64.033	2019-OH-269-21 (19-OH-269)	2,399,777
Supportive Services for Veteran Families - Columbus, Cleveland, Dayton	64.033	19-OH-269SS	87,583
Supportive Services for Veteran Families - Evansville and Indianapolis	64.033	2015-IN-201-21 (IN-OH-269)	1,686,240
Supportive Services for Veteran Families - Evansville and Indianapolis	64.033	15-IN-201SS	61,575
Supportive Services for Veteran Families - Evansville and Indianapolis	64.033	N/A	<u>23,271</u>
	Subtotal		<u>5,781,496</u>

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2022

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity/ Identifying Number	Federal Expenditures
Grant and Per Diem - Cleveland/Sandusky	64.024	VOAO121-1399-541-PD-21	982,031
Grant and Per Diem - Columbus	64.024	VOAO121-1415-757-PD-21	881,829
Grant and Per Diem - Cincinnati	64.024	VOAO121-1392-539-PD-21	1,077,989
Grant and Per Diem - Dayton	64.024	VOAO121-1402-552-PD-21	557,765
Grant and Per Diem - Indianapolis	64.024	VOAO121-1411-610-PD-21	718,148
Emergency Shelter - VAEH Columbus	64.024	VA250-14-D-0045	262,826
Case Management Grant - Dayton	64.024	VOAO1211175	81,988
Case Management Grant - Cincinnati	64.024	VOAO1211173	92,715
Case Management Grant - Cleveland	64.024	VOAO1211174	189,583
Case Management Grant - Columbus	64.024	VOAO1211177	53,925
Case Management Grant - Fort Wayne	64.024	VOAO1211176	78,635
Special Needs Grant - Cleveland	64.024	20-343-OH	68,856
Special Needs Grant - Columbus	64.024	20-366-OH	53,819
Subtotal			<u>5,100,109</u>
Total U.S. Department of Veterans Affairs			<u>10,881,605</u>
U.S. Department of Health and Human Services:			
HIV Care Formula Grants			
Passed through from:			
Indiana State Department of Health	93.917	Contract # 38659	685,669
ACYF - Children's Bureau	93.087	90CU008404	74,342
ACYF - Children's Bureau	93.087	90CU008405	344,688
Subtotal			<u>419,030</u>
Pregnant and Postpartum Women	93.243	17TI80351A	<u>467,873</u>
COVID-19 Provider Relief Fund and American Rural Rescue Plan	93.498	N/A	<u>1,147,140</u>
Total U.S. Department of Health and Human Services			<u>2,719,712</u>
U.S. Department of Homeland Security:			
Federal Emergency Management Agency Pass-through from:			
Emergency Food an Shelter National Board Program- Erie County	97.024	LRO ID: 673400-002 33	27,596
Total U.S. Department of Homeland Security			<u>27,596</u>
Total Expenditures of Federal Awards			<u>\$ 17,060,414</u>

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2022

Notes to Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2022

Note A- Basis of presentation:

The accompanying schedule of expenditures of Federal awards (the Schedule) includes the Federal award activity of Volunteers of America Ohio & Indiana under programs of the Federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* . Because the schedule presents only a selected portion of the operations of Volunteers of America Ohio & Indiana, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Volunteers of America Ohio & Indiana.

Note B- Summary of significant accounting policies:

- (1) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance* , wherein certain types of expenditures are not allowable or are limited as to reimbursement.

- (2) Volunteers of America Ohio & Indiana has not elected to use the 10% de minimis indirect cost rate as allowed under the *Uniform Guidance*, except when required by the granting agency.

- (3) No awards passed through to subrecipients.

Independent Auditor’s 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
Volunteers of America Ohio & Indiana
(A Non-Profit Organization)
Columbus, OH
Indianapolis, IN

We have audited, in accordance with the 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, the financial statements of Volunteers of America Ohio & Indiana (the “Organization”) (a Non-Profit Organization), which comprise the statements of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Volunteers of America Ohio & Indiana’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Volunteers of America Ohio & Indiana’s internal control. Accordingly, we do not express an opinion on the effectiveness of Volunteers of America Ohio & Indiana’s internal control.

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 a 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Volunteers of America Ohio & Indiana’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HWD Co.

Cleveland, Ohio
October 24, 2022

Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the *Uniform Guidance*

Board of Directors
Volunteers of America Ohio & Indiana
(A Non-Profit Organization)
Columbus, OH
Indianapolis, IN

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Volunteers of America Ohio & Indiana's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Volunteers of America Ohio & Indiana's major Federal programs for the year ended June 30, 2022. Volunteers of America Ohio & Indiana's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Volunteers of America Ohio & Indiana complied, in all material respects, with the types of 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, 2022.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Volunteers of America Ohio & Indiana and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major Federal program. Our audit does not provide a legal determination of Volunteers of America Ohio & Indiana's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Volunteers of America Ohio & Indiana's Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Volunteers of America Ohio & Indiana's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Volunteers of America Ohio & Indiana's compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Volunteers of America Ohio & Indiana's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Volunteers of America Ohio & Indiana's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Volunteers of America Ohio & Indiana's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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. 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 a Federal program 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

HW&Co.

Cleveland, Ohio
October 24, 2022

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: unmodified

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 Award

Internal control over major programs:

- ◆ Material weakness(es) identified? _____ Yes X No
- ◆ Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditor’s report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? _____ Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
64.033	U.S. Department of Veteran Affairs
93.498	U.S. Department of Health and Human Services

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

- ◆ Auditee qualified as low-risk auditee? X Yes _____ No

Section II – Financial Statement Findings

No findings were noted.

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2022

Section III – Federal Award Findings and Questioned Costs

No findings were noted.

VOLUNTEERS OF AMERICA OHIO & INDIANA, INC.
(A Non-Profit Organization)

SCHEDULE OF STATE AND LOCAL GOVERNMENT FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2022

State Grantor/Pass Through Grantor/Program Name	Agreement Number	Type of Funding	Revenue	Disbursed
STATE PROGRAMS				
Indiana Department of Child Services - Community Based Services	A93-6-16-CB-PO-3286	Fee for Service	\$ 1,355,448	\$ 1,355,448
Indiana Department of Corrections	40451-A1/ 40451-A3	Fee for Service	<u>542,513</u>	<u>542,513</u>
Total state and local government financial assistance			<u><u>\$ 1,897,961</u></u>	<u><u>\$ 1,897,961</u></u>

Note A- Basis of presentation:

The accompanying schedule of state and local government financial assistance (the schedule) includes the financial assistance activity of Volunteers of America Ohio & Indiana, Inc. under programs from the State of Indiana and local Indiana governmental agencies for the year ended June 30, 2022. The information in the schedule is presented in accordance with the requirements of Indiana State Board of Accounts. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The schedule does not include direct Federal grant activity or Federal grant activity passed through from the State of Indiana as these programs are already included on the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Note B- Summary of significant accounting policies:

The schedule is reported on the accrual basis of accounting.