

Volunteers of America Ohio & Indiana
(A Non-Profit Organization)

YEARS ENDED JUNE 30, 2020 AND 2019

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

YEARS ENDED JUNE 30, 2020 AND 2019

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Independent Auditor's Report

Board of Directors
Volunteers of America Ohio & Indiana
(A Non-Profit Organization)

Report on the Financial Statements

We have audited the accompanying financial statements of Volunteers of America Ohio & Indiana (the "Organization") (A Non-Profit Organization), which comprise the balance sheets as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Volunteers of America Ohio & Indiana as of June 30, 2020 and 2019, and 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective July 1, 2019, Volunteers of America Ohio & Indiana adopted Accounting Standards Codification (ASC) Topic 958, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. Our opinion is not modified with respect to this matter.

Other Matters

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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 information is 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 November 11, 2020 on our consideration of Volunteers of America Ohio & 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 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 & Indiana's internal control over financial reporting and compliance.

HW&Co.

Cleveland, Ohio
November 11, 2020

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

BALANCE SHEETS - JUNE 30, 2020 AND 2019

ASSETS

	2020	2019
Current assets:		
Cash and cash equivalents	\$ 7,421,831	\$ 8,616,360
Accounts receivable, net of allowance of \$1,498,305 at June 30, 2020 and \$271,995 at June 30, 2019	4,612,053	4,618,422
Pledges receivable, net	57,465	51,851
Prepaid expenses	245,149	417,249
Total current assets	<u>12,336,498</u>	<u>13,703,882</u>
Fixed assets:		
Land and buildings	48,593,817	42,993,029
Furnishings and equipment	10,842,042	10,048,999
Accumulated depreciation	<u>(24,904,652)</u>	<u>(22,674,642)</u>
Total fixed assets	<u>34,531,207</u>	<u>30,367,386</u>
Other assets:		
Long-term investments	13,262,195	12,204,650
Other assets	<u>1,838,658</u>	<u>5,778,178</u>
Total other assets	<u>15,100,853</u>	<u>17,982,828</u>
	<u>\$ 61,968,558</u>	<u>\$ 62,054,096</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 1,591,982	\$ 1,499,679
Current portion of long-term debt	446,358	440,379
Accrued expenses	2,209,851	1,914,762
Contract/grant advances	-	68,338
Other current liabilities	<u>1,230,223</u>	<u>2,438,001</u>
Total current liabilities	<u>5,478,414</u>	<u>6,361,159</u>
Other liabilities:		
Notes and loan payable	1,785,576	1,330,200
Mortgages payable, noncurrent	3,579,433	3,875,348
Interest rate swap liability (as restated, see Note 1)	625,147	305,406
Other liabilities	<u>34,014</u>	<u>73,440</u>
Total other liabilities	<u>6,024,170</u>	<u>5,584,394</u>
Total liabilities	<u>11,502,584</u>	<u>11,945,553</u>
Net assets:		
Without donor restrictions:		
General (as restated, see Note 1)	44,794,431	45,165,705
Board designated	<u>5,106,966</u>	<u>4,625,776</u>
Total net assets without donor restrictions	49,901,397	49,791,481
With donor restrictions	<u>564,577</u>	<u>317,062</u>
Total net assets	<u>50,465,974</u>	<u>50,108,543</u>
	<u>\$ 61,968,558</u>	<u>\$ 62,054,096</u>

See notes to financial statements.

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues from operations:			
Public support received directly:			
Contributions	\$ 18,934,848	\$ 345,910	\$ 19,280,758
Contributions, in-kind	-	53,541	53,541
Legacies and bequests	130,874	-	130,874
Total public support	19,065,722	399,451	19,465,173
Revenue and grants from governmental agencies	43,869,658	-	43,869,658
Other revenue:			
Program service fees	697,706	-	697,706
Rental income	375,679	-	375,679
Other operating revenue	67,384	-	67,384
Total revenue	64,076,149	399,451	64,475,600
Net assets released from restrictions	151,936	(151,936)	-
Total revenue from operations	64,228,085	247,515	64,475,600
Operating expenses:			
Retail stores	11,998,660	-	11,998,660
Auto donation	477,432	-	477,432
Veterans services	12,780,574	-	12,780,574
Re-entry programs	13,692,981	-	13,692,981
Housing programs	3,369,196	-	3,369,196
Behavioral health	12,434,802	-	12,434,802
Total program services	54,753,645	-	54,753,645
Management and general	8,910,795	-	8,910,795
Resource development	1,084,781	-	1,084,781
Total supporting services	9,995,576	-	9,995,576
Total operating expenses	64,749,221	-	64,749,221
Excess (shortfall) from operations	(521,136)	247,515	(273,621)
Nonoperating gains, losses and other revenue:			
Investment gain	322,835	-	322,835
Gain on disposition of fixed assets	240	-	240
Change in value of interest rate swap	(319,741)	-	(319,741)
Unrealized gain on investments	627,718	-	627,718
Excess from other activities	631,052	-	631,052
Change in net assets	109,916	247,515	357,431
Net assets, beginning of year (as restated, see Note 1)	49,791,481	317,062	50,108,543
Net assets, ending of year	\$ 49,901,397	\$ 564,577	\$ 50,465,974

See notes to financial statements.

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues from operations:			
Public support received directly:			
Contributions	\$ 19,609,444	\$ 268,208	\$ 19,877,652
Contributions, in-kind	-	75,420	75,420
Legacies and bequests	160,850	-	160,850
Total public support	19,770,294	343,628	20,113,922
Revenue and grants from governmental agencies	40,818,311	-	40,818,311
Other revenue:			
Program service fees	730,490	-	730,490
Rental income	340,572	-	340,572
Other operating revenue	52,869	-	52,869
Total revenue	61,712,536	343,628	62,056,164
Net assets released from restrictions	269,089	(269,089)	-
Total revenue from operations	61,981,625	74,539	62,056,164
Operating expenses:			
Retail stores	13,148,139	-	13,148,139
Auto donation	615,934	-	615,934
Veterans services	12,709,565	-	12,709,565
Re-entry programs	13,564,271	-	13,564,271
Housing programs	3,457,784	-	3,457,784
Behavioral health	8,478,458	-	8,478,458
Total program services	51,974,151	-	51,974,151
Management and general	8,987,524	-	8,987,524
Resource development	1,031,565	-	1,031,565
Total supporting services	10,019,089	-	10,019,089
Total operating expenses	61,993,240	-	61,993,240
Excess (shortfall) from operations	(11,615)	74,539	62,924
Nonoperating gains, losses and other revenue:			
Investment gain	717,319	-	717,319
Gain on disposition of fixed assets	800	-	800
Change in value of interest rate swap (as restated, see Note 1)	(305,406)	-	(305,406)
Unrealized gain on investments	147,919	-	147,919
Excess from other activities	560,632	-	560,632
Change in net assets (as restated, see Note 1)	549,017	74,539	623,556
Net assets, beginning of year	40,811,533	113,402	40,924,935
Transfer of net assets (Note 1)	8,430,931	129,121	8,560,052
Net assets, ending of year (as restated, see Note 1)	\$ 49,791,481	\$ 317,062	\$ 50,108,543

See notes to financial statements.

VOLUNTEERS OF AMERICA OHIO & INDIANA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	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	\$ 6,955,184	\$ 126,584	\$ 6,264,201	\$ 6,991,498	\$ 1,403,584	\$ 6,264,994	\$ 28,006,045	\$ 4,314,199	\$ 677,138	\$ 4,991,337	\$ 32,997,382
Employee benefits	606,341	25,587	994,141	1,131,558	292,426	1,471,967	4,522,020	897,175	173,845	1,071,020	5,593,040
Professional services	241,007	235,434	341,364	678,052	86,903	1,450,336	3,033,096	2,524,915	99,943	2,624,858	5,657,954
Occupancy expense	1,797,390	8,454	682,618	1,215,355	135,220	437,655	4,276,692	337,443	14,930	352,373	4,629,065
Specific assistance	-	-	2,288,180	30,692	1,039,141	272,871	3,630,884	-	-	-	3,630,884
Program supplies and equipment	1,145,649	57,755	1,049,482	2,346,722	109,580	714,367	5,423,555	197,048	11,838	208,886	5,632,441
Office supplies and expenses	642,474	13,676	297,131	219,485	68,206	121,570	1,362,542	187,245	54,574	241,819	1,604,361
Travel, conferences and meetings	229,073	1,732	266,033	277,545	29,498	251,213	1,055,094	88,499	47,056	135,555	1,190,649
Depreciation and amortization	367,266	7,353	583,250	585,401	200,657	215,296	1,959,223	348,058	3,199	351,257	2,310,480
Interest	-	-	-	203,597	11	-	203,608	10,304	-	10,304	213,912
Bad debt expense	-	-	-	-	-	1,226,350	1,226,350	-	-	-	1,226,350
Other	14,276	857	14,174	13,076	3,970	8,183	54,536	5,909	2,258	8,167	62,703
Total functional expenses	<u>\$ 11,998,660</u>	<u>\$ 477,432</u>	<u>\$ 12,780,574</u>	<u>\$ 13,692,981</u>	<u>\$ 3,369,196</u>	<u>\$ 12,434,802</u>	<u>\$ 54,753,645</u>	<u>\$ 8,910,795</u>	<u>\$ 1,084,781</u>	<u>\$ 9,995,576</u>	<u>\$ 64,749,221</u>

See notes to financial statements.

VOLUNTEERS OF AMERICA OHIO & INDIANA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	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	\$ 6,947,184	\$ 143,078	\$ 5,658,369	\$ 6,794,912	\$ 1,365,675	\$ 5,110,138	\$ 26,019,356	\$ 3,979,034	\$ 532,650	\$ 4,511,684	\$ 30,531,040
Employee benefits	1,459,331	33,947	1,214,770	1,483,507	398,900	969,152	5,559,607	901,821	161,056	1,062,877	6,622,484
Professional services	235,083	386,344	574,625	516,333	150,795	903,881	2,767,061	2,670,280	142,643	2,812,923	5,579,984
Occupancy expense	1,900,568	9,085	862,180	1,453,493	162,973	299,395	4,687,694	505,692	8,579	514,271	5,201,965
Specific assistance	-	-	2,151,563	54,635	973,040	339,422	3,518,660	-	-	-	3,518,660
Program supplies and equipment	1,130,707	14,510	1,087,131	2,142,440	98,813	480,159	4,953,760	166,038	12,521	178,559	5,132,319
Office supplies and expenses	849,369	16,156	305,169	200,786	66,416	85,351	1,523,247	171,513	114,496	286,009	1,809,256
Travel, conferences and meetings	339,996	2,849	265,160	311,671	39,790	167,514	1,126,980	157,617	56,238	213,855	1,340,835
Depreciation and amortization	267,268	9,219	576,335	539,117	197,557	113,462	1,702,958	387,638	-	387,638	2,090,596
Interest	-	-	132	54,189	-	-	54,321	16,362	-	16,362	70,683
Other	18,633	746	14,131	13,188	3,825	9,984	60,507	31,529	3,382	34,911	95,418
Total functional expenses	<u>\$ 13,148,139</u>	<u>\$ 615,934</u>	<u>\$ 12,709,565</u>	<u>\$ 13,564,271</u>	<u>\$ 3,457,784</u>	<u>\$ 8,478,458</u>	<u>\$ 51,974,151</u>	<u>\$ 8,987,524</u>	<u>\$ 1,031,565</u>	<u>\$ 10,019,089</u>	<u>\$ 61,993,240</u>

See notes to financial statements.

VOLUNTEERS OF AMERICA OHIO & INDIANA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets (as restated, see Note 1)	\$ 357,431	\$ 623,556
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,310,480	2,090,596
Bad debts	1,226,350	-
Unrealized gain on investments	(627,718)	(147,919)
Change in value of interest rate swap (as restated, see Note 1)	319,741	305,406
Change in estimate of workers compensation liability (see Note 1)	(1,205,031)	-
Decrease (increase) in assets:		
Accounts receivable	(1,219,981)	(1,747,239)
Pledges receivable	(5,614)	(9,510)
Prepaid expenses	172,100	1,956
Other assets	(701,426)	33,060
Increase (decrease) in liabilities:		
Accounts payable	92,303	(37,453)
Accrued expenses	295,089	(74,078)
Contract/grant advances	(68,338)	(3,528)
Other current liabilities	(2,747)	(267,747)
Other liabilities	(39,426)	228,561
Net cash provided by operating activities	903,213	995,661
Cash flows from investing activities:		
Purchases of fixed assets and construction-in-progress	(1,833,595)	(6,679,437)
Proceeds from sale of fixed assets	240	800
Net investment activity	(429,827)	(863,949)
Net cash used in investing activities	(2,263,182)	(7,542,586)
Cash flows from financing activities:		
Proceeds from long-term debt	573,000	1,435,304
Principal payments on long-term debt	(407,560)	(109,947)
Net cash provided by financing activities	165,440	1,325,357
Net decrease in cash and cash equivalents	(1,194,529)	(5,221,568)
Cash and cash equivalents, beginning	8,616,360	13,837,928
Cash and cash equivalents, ending	\$ 7,421,831	\$ 8,616,360

See notes to financial statements.

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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. Effective, July 1, 2018, the Board of Volunteers of America, Inc. combined the service area for Volunteers of America Greater Ohio with the territory formerly covered by Volunteers of America of Indiana. The assets and associated liabilities of Volunteers of America of Indiana were combined with the Volunteers of America of Greater Ohio as of July 1, 2018 and resulted in an increase in net assets of approximately \$8.6 million.

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.

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2020 AND 2019

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

Description of organization (continued):

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.

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.

Prior period adjustment:

The Organization adjusted net assets without donor restriction at June 30, 2019 by \$305,406 during the year ended June 30, 2020 to record the previously unrecorded interest rate swap liability.

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2020 AND 2019

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

Recently adopted accounting pronouncement:

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The objective of this ASU is to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958 or as exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional. The Organization adopted the provisions of this ASU for contributions received utilizing a modified prospective basis as of July 1, 2019, which means it was applied to existing contributions received or entered into on or after July 1, 2019. There was no impact to the Organization in adopting the provisions of this ASU relating to contributions received. The Organization will adopt the provisions on July 1, 2020 for contributions made, and does not expect a significant impact on its financial statements.

Basis of accounting:

The accounting policies of the Organization conform to generally accepted accounting principles as applicable to voluntary health and welfare organizations.

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

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 \$5,106,966 at June 30, 2020 and \$4,625,776 at June 30, 2019. 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.

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

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2020 AND 2019

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

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.

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.

Contributions:

Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor or by law. Contributions of personal property (i.e., clothing, household goods and automobiles) as described more fully below, are recorded as revenue when the items are sold.

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.

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.

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2020 AND 2019

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

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 State of Ohio, 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, 2020 and 2019, there was no taxable net income resulting from unrelated business activities. Accordingly, no tax expense was incurred during the years ended June 30, 2020 and 2019.

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.

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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 7,421,831	\$ 8,616,360
Accounts receivable, net	4,612,053	4,618,422
Pledges receivable, net	<u>57,465</u>	<u>51,851</u>
	<u>\$ 12,091,349</u>	<u>\$ 13,286,633</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 \$3,150,000 available for borrowing under its lines of credit (Note 4).

VOLUNTEERS OF AMERICA OHIO & INDIANA

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2020 AND 2019

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. 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.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Pledges receivable:

Pledges receivable represent unconditional promises to give. Unpaid pledges from campaigns, net of allowance for doubtful pledges, are \$190,148 at June 30, 2020 and \$146,848 at June 30, 2019.

These receivables are pledged to be received as follows:

<u>Year ending June 30,</u>	
2021	\$ 67,607
2022	59,556
2023	54,804
2024	30,638
2025	<u>11,098</u>
	<u>\$ 223,703</u>

VOLUNTEERS OF AMERICA OHIO & INDIANA

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2020 AND 2019

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

Pledges receivable (continued):

At June 30, 2020 and 2019, an allowance of \$33,555 and \$25,501 was recorded for doubtful pledges, respectively.

Recent accounting pronouncements:

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The guidance in this ASU supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance throughout the industry topics of the FASB Accounting Standards Codification (ASC). The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps, (1) identify the contract(s), (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This ASU affects all entities that enter into a lease, with some specified scope exceptions. The accounting applied by a lessor is largely unchanged from that under the previous accounting guidance in Topic 840 (Leases). Changes to the lessor accounting guidance were made to: (1) align the lessor accounting with specific changes made to the lessee accounting guidance such as certain glossary terms that are applied by lessees and lessors and (2) align key aspects of the lessor accounting model with the new revenue recognition guidance (Topic 606).

In June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842) to defer the implementation date of the new revenue standard until fiscal years beginning after December 15, 2019 (year end June 30, 2021) and new lease standard until fiscal years beginning after December 15, 2021 (year end June 30, 2023).

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.

Change 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 \$1,205,031 during the year ended June 30, 2020.

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2020 AND 2019

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

Reclassifications:

Certain 2019 amounts have been reclassified to conform to the 2020 presentation.

2. Investments:

Investments are shown on the balance sheet at fair market value. The following summarizes cost and market value:

<u>June 30, 2020</u>	<u>Aggregate Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>
Cash and money market funds	\$ 226,913	\$ 226,913	
Certificates of deposit	1,649,234	1,717,627	\$ 68,393
Corporate stocks and bonds	5,313,511	7,460,038	2,146,527
Mutual funds	<u>3,281,286</u>	<u>3,857,617</u>	<u>576,331</u>
	<u>\$ 10,470,944</u>	<u>\$ 13,262,195</u>	<u>\$ 2,791,251</u>
<u>June 30, 2019</u>	<u>Aggregate Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
Cash and money market funds	\$ 212,649	\$ 212,649	
Certificates of deposit	1,349,496	1,354,400	\$ 4,904
Corporate stocks and bonds	5,721,309	7,355,324	1,634,015
Government securities	50,000	49,767	(233)
Mutual funds	<u>2,707,663</u>	<u>3,232,510</u>	<u>524,847</u>
	<u>\$ 10,041,117</u>	<u>\$ 12,204,650</u>	<u>\$ 2,163,533</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.

3. 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.

VOLUNTEERS OF AMERICA OHIO & INDIANA

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2020 AND 2019

3. Fair value (continued):

- 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, 2020 and 2019 were as follows:

<u>Level 1</u>	<u>2020</u>	<u>2019</u>
Equity securities:		
Consumer products industry	\$ 1,219,943	\$ 1,142,505
Financial industry	663,182	756,660
Food and beverage industry	177,566	103,919
Health care industry	726,310	620,816
Industrial goods industry	348,441	313,516
Manufacturing industry	301,358	392,112
Oil and gas industry	234,843	337,282
Services industry	1,031,468	712,688
Technology industry	601,742	465,852
Utilities industry	<u>203,732</u>	<u>199,668</u>
Total equity securities	5,508,585	5,045,018
Money market funds	8,092	8,393
Certificates of deposit	1,936,455	1,558,656
Government securities		49,767
Corporate bonds	1,951,453	2,310,306
Mutual funds:		
Equity funds	1,995,592	2,056,030
Bond funds	<u>1,862,025</u>	<u>1,176,480</u>
	13,262,195	12,204,650
<u>Level 2</u>		
Interest rate swap liability	<u>(625,147)</u>	<u>(305,406)</u>
	<u>\$ 12,637,048</u>	<u>\$ 11,899,244</u>

VOLUNTEERS OF AMERICA OHIO & INDIANA

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2020 AND 2019

3. 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.

4. Lines of credit:

At June 30, 2020 and 2019, 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, 2020 and 2019. The interest rate was 4.5% at June 30, 2020 and 5.5% at June 30, 2019.

A second line of credit with a total maximum amount of \$150,000 was closed during the year ended June 30, 2020. No funds were drawn on the line of credit at June 30, 2019. The interest rate was 5.4% at June 30, 2019.

A third 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, 2020 and 2019. The interest rate was 3.25% at June 30, 2020 and 5.75% at June 30, 2019.

5. Mortgages payable:

A mortgage payable in the amount of \$103,367 at June 30, 2020 and \$210,069 at June 30, 2019 is due in monthly installments of \$8,699 including interest at a rate of 3.07% at June 30, 2020 and 5.39% at June 30, 2019, payable to a bank. Interest expense under this mortgage totaled \$7,761 in 2020 and \$15,535 in 2019. This loan is collateralized by the associated property and includes an interest rate swap and is payable through May 2021.

A mortgage payable in the amount of \$3,772,424 at June 30, 2020 and \$3,955,658 at June 30, 2019 is due in monthly installments of \$32,095 including interest at 2.48% at June 30, 2020 and 4.74% at June 30, 2019 payable to a bank. Interest expense under this mortgage totaled \$153,563 in 2020 and \$54,125 in 2019. 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 \$1,935,576 at June 30, 2020 and \$1,480,200 at June 30, 2019. 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

(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2020 AND 2019

5. 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 expires 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 \$3,875,792 at June 30, 2020 and \$4,165,277 at June 30, 2019. The Organization's interest rate swap liabilities are \$625,147 at June 30, 2020 and \$305,406 at June 30, 2019. 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 and 5.34% at June 30, 2019 for the first mortgage (based on USD-LIBOR – ICE plus 2.9%) and 2.47% at June 30, 2020 and 4.69% at June 30, 2019 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>	
2021	\$ 446,358
2022	353,269
2023	364,095
2024	375,497
2025	1,573,082
Thereafter	<u>2,699,066</u>
	<u>\$ 5,811,367</u>

6. 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>	
2021	\$ 1,556,186
2022	1,324,355
2023	1,122,264
2024	917,079
2025	302,383
Thereafter	<u>3,171,554</u>
	<u>\$ 8,393,821</u>

VOLUNTEERS OF AMERICA OHIO & INDIANA

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2020 AND 2019

6. Operating leases (continued):

Rent expense under these leases and other leases that expired during the year was \$3,280,009 for the year ended June 30, 2020 and \$3,413,738 for the year ended June 30, 2019.

The Organization has entered into various non-cancelable operating lease agreements to lease portions of their facilities. Future rental income to be received under non-cancelable leases are as follows:

<u>Year ending June 30,</u>	
2021	\$ 247,105
2022	153,155
2023	<u>31,800</u>
	<u>\$ 432,060</u>

Rent income under these leases and other leases that expired during the year was \$241,075 in 2020 and \$210,420 in 2019.

7. 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 \$260,475 in 2020 and \$273,148 in 2019. 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 \$264,481 in 2020 and \$246,908 in 2019.

8. 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, 2020 and 2019 totaled \$1,175,778 and \$1,152,206, respectively. Amounts due to Volunteers of America, Inc. for national fees at June 30, 2020 was \$24,971, no amounts were due at June 30, 2019.

Volunteers of America, Inc. Direct Mail Campaign generated \$69,201 in 2020 and \$116,609 in 2019, of which the Organization paid \$30,016 in 2020 and \$11,584 in 2019.

VOLUNTEERS OF AMERICA OHIO & INDIANA

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2020 AND 2019

8. Related party transactions (continued):

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.

9. Net assets with donor restrictions:

Net assets with donor restrictions at June 30, 2020 and 2019 consisted of:

	<u>2020</u>	<u>2019</u>
Time restricted pledges	\$ 192,738	\$ 146,848
Time restricted contributions	<u>371,839</u>	<u>170,214</u>
	<u>\$ 564,577</u>	<u>\$ 317,062</u>

10. 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Capital expenditures	<u>\$ _____</u>	<u>\$ 78,815</u>
Other expenditures	<u>\$ 151,936</u>	<u>\$ 190,274</u>

11. 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. The total amount received was \$1,885 for the year ended June 30, 2020 and \$7,517 for the year ended June 30, 2019. The fair market value of the charitable trust was \$962,434 in 2020 and \$952,412 in 2019. The charitable trust will continue until the date of termination and final distributions are made on a family charitable remainder annuity trust, at which time the Organization will receive 16.33% of the principal balance.

Because neither the trust termination value nor the trust termination date can be determined, no amounts have been recorded as an asset, instead income is recognized as received.

VOLUNTEERS OF AMERICA OHIO & INDIANA

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2020 AND 2019

12. Statements of cash flows:

During fiscal year ended June 30, 2020 and 2019, the Organization paid cash for interest totaling \$216,302 and \$70,683, respectively.

Supplemental disclosure of noncash investing and financing activities:

During the fiscal year ended June 30, 2019, the Organization financed the purchase of a building with a mortgage note payable of \$4,000,000.

13. COVID-19:

On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic with multiple jurisdictions in the United States declaring a state of emergency. Certain states, including Ohio issued “stay-at-home” orders for non-essential businesses. The Organization has determined it qualifies as an essential business. Accordingly, there has been no immediate significant impact to the Organization’s operations to date, however the Organization’s financial position, results of operations and cash flows could be impacted in the near future. Management has, and will continue to, monitor the situation and make changes to its operations in an attempt to minimize any future financial impact.

14. Subsequent events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 11, 2020, 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, 2020

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	OH0094U5E031811	\$ 519,150
Supportive Housing Program - Crossroads	14.235	OH0174L5E071710	92,551
Supportive Housing Program - Crossroads	14.235	OH0174L5E071811	192,567
Supportive Housing Program - Almost Home	14.235	OH0565L5E071802	200,803
Supportive Housing Program - Almost Home	14.235	OH0565L5E071903	42,414
	Subtotal		<u>1,047,485</u>
Emergency Shelter Program - Harmon/Crossroads	14.231	N-L-17-7IM-1	82,000
Passed through from the Board of County Commissioners Erie County:			
Emergency Shelter Program	14.231	N/A	16,000
	Subtotal		<u>98,000</u>
Passed through from Erie County:			
Community Development Block Grant	14.218	N/A	33,159
			<u>33,159</u>
Total U.S. Department of Housing and Urban Development			<u>1,178,644</u>
U.S. Department of Labor:			
Homeless Veterans Reintegration Program- Akron-Canton	17.805	HV-33328-19-60-5-39/HV33328HV9	197,859
Homeless Veterans Reintegration Program- Cleveland	17.805	HV-33325-19-60-5-39/HV33325HV9	350,000
Homeless Female Veterans/ Veterans with Families - Cincinnati	17.805	HV-33327-19-60-5-39/HV33327HV9	77,215
Homeless Female Veterans/ Veterans with Families - Cincinnati Stand-Down	17.805	SD-33915-19-60-5-39/SD33915HV9	7,000
Homeless Veterans Reintegration Program- Columbus	17.805	HV-33326-19-60-5-39/HV33326HV9	278,059
Homeless Veterans Reintegration Program- Dayton	17.805	HV-33829-19-60-5-39/HV33829HV9	290,590
Homeless Veterans Reintegration Program- Gary	17.805	HV-33828-19-60-5-39/HV33828HV9	215,000
			<u>1,415,723</u>
U.S. Department of Justice:			
Passed through from Marion County Alternative Courts:			
Drug Court Discretionary Grant Program	16.585	39FG-BJA2018-22	44,444
			<u>44,444</u>
Total U.S. Department of Justice			<u>44,444</u>
U.S. Department of Veteran Affairs:			
Supportive Services for Veteran Families- Cleveland, Columbus, Dayton	64.033	2019-OH-269-19	769,992
Supportive Services for Veteran Families- Cleveland, Columbus, Dayton	64.033	2019-OH-269-19	1,396,756
Supportive Services for Veteran Families- Cleveland, Columbus, Dayton	64.033	2019-OH-269-CA	933,111
Supportive Services for Veteran Families- Evansville and Indianapolis	64.033	2015-IN-201-19	358,514
Supportive Services for Veteran Families- Evansville and Indianapolis	64.033	2015-IN-201-20	551,942
Supportive Services for Veteran Families- Evansville and Indianapolis	64.033	2015-IN-201-CA	545,185
CDBG Veterans Grant	64.033	317-938-3889	6,528
	Subtotal		<u>4,562,028</u>

VOLUNTEERS OF AMERICA OHIO & INDIANA

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2020

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity/ Identifying Number	Federal Expenditures
Grant and Per Diem - Cleveland & Sandusky	64.024	VOAO121-0360-541-SI-18-0	305,201
Grant and Per Diem - Cleveland & Sandusky	64.024	VOAO121-0371-541-BH-18-0	314,924
Grant and Per Diem - Cleveland & Sandusky	64.024	VOAO121-0382-541-CT-18-0	80,842
Grant and Per Diem - Columbus	64.024	VOAO121-0376-757-SI-18-0	246,022
Grant and Per Diem - Columbus	64.024	VOAO121-0299-757-BH-18-0	243,823
Grant and Per Diem - Columbus	64.024	VOAO121-0277-757-CT-18-0	55,525
Grant and Per Diem - Cincinnati	64.024	VOAO121-0487-539-SI-18-0	309,593
Grant and Per Diem - Cincinnati	64.024	VOAO121-0291-539-BH-18-0	479,510
Grant and Per Diem - Cincinnati	64.024	VOAO121-0502-539-HH-18-0	76,761
Grant and Per Diem - Dayton	64.024	VOAO121-0482-552-SI-18-0	322,773
Grant and Per Diem - Dayton	64.024	VOAO121-0401-552-BH-18-0	71,666
Grant and Per Diem - Indianapolis	64.024	VOAI815-0665-610-BH-18-0	119,454
Grant and Per Diem - Indianapolis	64.024	VOAI815-0593-610-SI-18-0	330,375
Emergency Shelter - VAEH Columbus	64.024	VA250-14-D-0045	247,322
Case Management Grant - Dayton	64.024	VOAO12111175	24,248
Case Management Grant - Cincinnati	64.024	VOAO12111173	52,400
Case Management Grant - Cleveland	64.024	VOAO12111174	152,370
Case Management Grant - Columbus	64.024	VOAO12111177	37,773
Case Management Grant - Fort Wayne	64.024	VOAO12111176	48,837
Special Needs Grant - Cleveland	64.024	18-343-OH	82,236
Special Needs Grant - Cleveland	64.024	19-343-OH	189,834
Special Needs Grant - Columbus	64.024	18-366-OH	64,739
Special Needs Grant - Columbus	64.024	19-366-OH	205,918
Subtotal			<u>4,062,146</u>
Total U.S. Department of Veterans Affairs			<u>8,624,174</u>
U.S. Department of Health and Human Services:			
Substance Abuse and Mental Health Services Project of Regional and National Significance Passed through from: Marion County Alternative Courts	93.243	39FG-SAMHSADC19	19,760
HIV Care Formula Grants Passed through from: Indiana State Department of Health	93.917	Contract # 38659	646,824
ACYF - Children's Bureau	93.087	90CU008402	134,304
ACYF - Children's Bureau	93.087	90CU008403	411,662
Subtotal			<u>545,966</u>
Pregnant and Postpartum Women	93.243	17TI80351A	577,042
Total U.S. Department of Health and Human Services			<u>1,789,592</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	17,221
Total U.S. Department of Homeland Security			<u>17,221</u>
Total Expenditures of Federal Awards			<u><u>\$ 13,069,798</u></u>

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2020

Notes to Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2020

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, 2020. 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)

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 balance sheet as of June 30, 2020, and the related statements of activities, 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 November 11, 2020.

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) to determine the 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 may exist that have not been identified.

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.

HW&Co.

Cleveland, Ohio
November 11, 2020

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)

Report on Compliance for Each Major Federal Program

We have audited Volunteers of America Ohio & Indiana's (the "Organization") compliance with the types of compliance requirements described 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, 2020. 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.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Volunteers of America Ohio & Indiana's major Federal programs 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 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)*. Those standards and the *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Volunteers of America Ohio & Indiana'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 major Federal program. However, our audit does not provide a legal determination of Volunteers of America Ohio & Indiana's compliance.

Opinion on Each Major Federal Program

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, 2020.

Report on Internal Control over Compliance

Management of Volunteers of America Ohio & Indiana is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Volunteers of America Ohio & Indiana's internal control over compliance with the types of requirements that could have a direct and material effect on the major Federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major Federal programs 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Volunteers of America Ohio & Indiana'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 requirements of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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
November 11, 2020

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

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>
17.805	U.S. Department of Labor
64.024	U.S. Department of Veteran Affairs

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

- ◆ Auditee qualified as low-risk auditee? _____ Yes X 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, 2020

Section III – Federal Award Findings and Questioned Costs

No findings were noted.

VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2020

1. Audit report, dated February 21, 2020 for the year ended June 30, 2019, issued by HW&Co.

Previous Finding Reference Number

2019-01

Status Indicator

The corrective action was appropriately taken for the finding listed above, which related to a program that ended during the year ended June 30, 2019.

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

SCHEDULE OF STATE AND LOCAL GOVERNMENT FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2020

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	\$ 2,717,130	\$ 2,717,130
Indiana Department of Corrections	D25-7-3333/24393-R3	Fee for Service	<u>622,650</u>	<u>622,650</u>
Total state and local government financial assistance			<u><u>\$ 3,339,780</u></u>	<u><u>\$ 3,339,780</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, 2020. 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.