

**Volunteers of America Chesapeake, Inc., Affiliates,
and Subsidiaries D/B/A Volunteers of America
Chesapeake & Carolinas, and Affiliates, and
Subsidiaries**

Consolidated Financial Statements
For the Years Ended June 30, 2020 and 2019



HERTZBACH
certified public accountants • consultants

Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

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For the Years Ended June 30, 2020 and 2019

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Independent Auditor's Report

To the Officers and Board of Directors
Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America
Chesapeake & Carolinas, and Affiliates, and Subsidiaries
7901 Annapolis Road
Lanham, MD 20706

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates (a nonprofit organization) and subsidiaries (collectively, the Organization) which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We did not audit the financial statements of VOA Hickory Knoll, Inc. and VOA Butner Morning Glory, Inc., wholly owned or controlled subsidiaries. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for VOA Hickory Knoll, Inc. and VOA Butner Morning Glory, Inc., is based solely on the report of other auditors, except as noted in the emphasis of matters - component auditor's paragraph. 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 consolidated 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 consolidated 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, based on our audit and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries as of June 30, 2020 and 2019, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Component Auditors

We did not audit the financial statements of VOA Hickory Knoll, Inc. and VOA Butner Morning Glory, Inc., wholly owned or controlled subsidiaries. Those statements were audited by other auditors and the amounts included for VOA Hickory Knoll, Inc. and VOA Butner Morning Glory, Inc., are based solely on the reports of the other auditors, except for the classification of net assets, which were audited by us. Net assets with donor restrictions were reclassified to net assets without donor restrictions for VOA Butner Morning Glory, Inc. totaling \$52,343 for the years ended June 30, 2020 and 2019.

Emphasis of Matter – Accounting Standards Update

As discussed in Note 3 to the financial statements, during the year ended June 30, 2020, Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries adopted Financial Accounting Standards Board Update (ASU) 2018-08 – *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* and ASU No. 2016-18 – *Statement of Cash Flows (Topic 230): Restricted Cash*. Our opinion is not modified with respect to these matters.

Other Matter – Consolidating Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating supplementary information shown on pages 46 to 61 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and change in net assets without donor restrictions of the individual companies and is not a required part of the consolidated 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 consolidated financial statements. The consolidating supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Matter – Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020, on our consideration of Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries' internal control over financial reporting and compliance.

Hertzbach & Company, P.A.

Potomac, Maryland
October 30, 2020

Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidated Statements of Financial Position
As of June 30, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 8,919,630	\$ 4,432,148
Accounts receivable (net of allowance)	7,458,628	6,476,064
Prepaid expenses	176,120	265,630
Other receivables	72,657	10,511
Total current assets	16,627,035	11,184,353
Property and equipment, net	45,676,972	43,508,985
Other assets		
Designated and restricted funds	1,866,370	2,346,478
Investments	59,928	59,222
Deposits	167,258	66,748
Beneficial interest in perpetual trust	53,025	60,011
Beneficial interest in charitable remainder trust	712,028	755,276
Reimbursement receivable	155,441	155,441
Notes receivable (net of allowance) including accrued interest	2,804,911	10,527,901
Other assets	124,824	16,257
Total other assets	5,943,785	13,987,334
Total assets	\$ 68,247,792	\$ 68,680,672

See independent auditor's report and notes to consolidated financial statements.

Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidated Statements of Financial Position (Continued)
As of June 30, 2020 and 2019

	2020	2019
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 984,614	\$ 4,103,840
Current maturities of long-term debt	9,277,276	12,603,510
Accrued expenses	3,385,766	3,216,125
Deferred gain on sale-leaseback, current	743,601	532,975
Due to related parties	1,133,026	13,614
Client escrow funds	176,386	87,991
Tenant security deposits	16,145	14,429
Deferred revenue	1,343	85,298
Refundable advances, current	32,656	18,070
Other liabilities	42,795	43,232
	15,793,608	20,719,084
Long-term liabilities		
Long-term debt, less current maturities	16,115,777	22,102,627
Post-retirement benefit liability	291,554	279,910
Other long-term liabilities	71,410	48,027
Deferred gain on sale-leaseback, net of current portion	2,352,000	2,219,527
Deferred rent	292,049	208,771
Refundable advances, net of current portion	408,721	408,721
Underfunded pension obligation	3,619,824	3,179,130
	23,151,335	28,446,713
	38,944,943	49,165,797
Net assets		
Without donor restrictions:		
Controlling interest	8,991,839	8,133,818
Non-controlling interest	11,962,602	2,807,415
	20,954,441	10,941,233
With donor restrictions	8,348,408	8,573,642
	29,302,849	19,514,875
	\$ 68,247,792	\$ 68,680,672

See independent auditor's report and notes to consolidated financial statements.

Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidated Statement of Activities
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Non-controlling Interest	Total
Revenues and support				
Public support:				
Public support received directly:				
Contributions and non-government grants	\$ 2,289,509	\$ -	\$ -	\$ 2,289,509
Special events (net of direct benefit costs)	95,085	-	-	95,085
Public support received indirectly:				
United Way	2,296	-	-	2,296
Total public support	2,386,890	-	-	2,386,890
Government revenues and grants	38,949,110	-	-	38,949,110
Other revenues:				
Program service fees	4,259,581	-	-	4,259,581
Property management fees	196,431	-	-	196,431
Rental revenue	179,218	-	-	179,218
Other operating revenues	140,028	-	-	140,028
Total other revenues	4,775,258	-	-	4,775,258
Total revenues and support	46,111,258	-	-	46,111,258
Expenses				
Program services:				
Encouraging positive development	54,528	-	-	54,528
Fostering independence	22,039,982	-	-	22,039,982
Promoting self-sufficiency	20,472,349	-	-	20,472,349
Total program services	42,566,859	-	-	42,566,859
Supporting services:				
Management and general	6,371,915	-	-	6,371,915
Fundraising	857,133	-	-	857,133
Total supporting services	7,229,048	-	-	7,229,048
Total program and supporting services	49,795,907	-	-	49,795,907
Decrease in net assets from operations	(3,684,649)	-	-	(3,684,649)

See independent auditor's report and notes to consolidated financial statements.

Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidated Statement of Activities (Continued)
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Non-controlling Interest	Total
Non-operating gains and other revenues (losses)				
Interest and dividends	101,320	35,725	-	137,045
Net gain on investments	35,538	-	-	35,538
Gain on sale of property and equipment	718,808	-	-	718,808
Recovery of bad debt	15,000	-	-	15,000
Increase in pension obligation	(440,694)	-	-	(440,694)
Other net revenues	38,818	-	-	38,818
Change in value of split-interest agreements	-	(68,857)	-	(68,857)
Satisfaction of program restrictions	192,102	(192,102)	-	-
Total non-operating gains and other revenues (losses)	660,892	(225,234)	-	435,658
Capital contributions	13,061,965	-	-	13,061,965
Capital distributions	(25,000)	-	-	(25,000)
Increase (decrease) in net assets before non-controlling interest	10,013,208	(225,234)	-	9,787,974
(Decrease) increase in net assets attributable to non-controlling interest	(9,155,187)	-	9,155,187	-
Total increase (decrease) in net assets	858,021	(225,234)	9,155,187	9,787,974
Net assets, beginning of year	8,133,818	8,573,642	2,807,415	19,514,875
Net assets, end of year	<u>\$ 8,991,839</u>	<u>\$ 8,348,408</u>	<u>\$ 11,962,602</u>	<u>\$ 29,302,849</u>

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidated Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Non-controlling Interest	Total
Revenues and support				
Public support:				
Public support received directly:				
Contributions and non-government grants	\$ 1,136,278	\$ 1,675,000	\$ -	\$ 2,811,278
Special events (net of direct benefit costs)	54,458	-	-	54,458
Public support received indirectly:				
United Way	2,120	-	-	2,120
Total public support	1,192,856	1,675,000	-	2,867,856
Government revenues and grants	38,528,984	-	-	38,528,984
Other revenues:				
Program service fees	3,572,011	-	-	3,572,011
Property management fees	799,841	-	-	799,841
Rental revenue	155,161	-	-	155,161
Other operating revenues	62,854	-	-	62,854
Total other revenues	4,589,867	-	-	4,589,867
Total revenues and support	44,311,707	1,675,000	-	45,986,707
Expenses				
Program services:				
Encouraging positive development	77,106	-	-	77,106
Fostering independence	23,190,862	-	-	23,190,862
Promoting self-sufficiency	17,611,146	-	-	17,611,146
Total program services	40,879,114	-	-	40,879,114
Supporting services:				
Management and general	6,476,160	-	-	6,476,160
Fundraising	729,026	-	-	729,026
Total supporting services	7,205,186	-	-	7,205,186
Total program and supporting services	48,084,300	-	-	48,084,300
(Decrease) increase in net assets from operations	(3,772,593)	1,675,000	-	(2,097,593)

See independent auditor's report and notes to consolidated financial statements.

Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidated Statement of Activities (Continued)
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Non-controlling Interest	Total
Non-operating gains and other revenues (losses)				
Interest and dividends	208,449	36,382	-	244,831
Net gain on investments	1,954	-	-	1,954
Gain on sale of property and equipment	146,085	-	-	146,085
Recovery of bad debt	1,145	-	-	1,145
Increase in pension obligation	(189,737)	-	-	(189,737)
Other net revenues	165,665	-	-	165,665
Change in value of split-interest agreements	-	(3,342)	-	(3,342)
Satisfaction of program restrictions	14,342	(14,342)	-	-
Total non-operating gains and other revenues (losses)	347,903	18,698	-	366,601
Capital contributions	4,885,138	-	-	4,885,138
Increase in net assets before non-controlling interest	1,460,448	1,693,698	-	3,154,146
(Decrease) increase in net assets attributable to non-controlling interest	(2,474,216)	-	2,474,216	-
Total (decrease) increase in net assets	(1,013,768)	1,693,698	2,474,216	3,154,146
Net assets, beginning of year	9,147,586	6,879,944	333,199	16,360,729
Net assets, end of year	\$ 8,133,818	\$ 8,573,642	\$ 2,807,415	\$ 19,514,875

See independent auditor's report and notes to consolidated financial statements.

Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services				Supporting Services			2020 Total
	Encouraging Positive Development	Fostering Independence	Promoting Self- Sufficiency	Subtotal	Management and General	Fundraising	Subtotal	
Salaries and wages	\$ 42,819	\$ 14,196,208	\$ 7,666,068	\$ 21,905,095	\$ 2,963,230	\$ 365,093	\$ 3,328,323	\$ 25,233,418
Employee benefits	4,812	1,952,119	1,117,100	3,074,031	409,575	42,119	451,694	3,525,725
Professional services	2,008	1,203,969	1,453,704	2,659,681	1,421,736	247,279	1,669,015	4,328,696
Occupancy	-	2,519,436	2,198,551	4,717,987	595,416	80,971	676,387	5,394,374
Specific assistance	13	57,530	4,384,417	4,441,960	-	-	-	4,441,960
Program supplies and expenses	7	549,792	536,534	1,086,333	94,811	26,924	121,735	1,208,068
Office supplies and expenses	4,708	757,919	850,615	1,613,242	325,394	46,315	371,709	1,984,951
Travel, conferences and meetings	142	362,249	298,069	660,460	179,327	19,626	198,953	859,413
Depreciation and amortization	-	341,170	1,473,995	1,815,165	76,368	26,011	102,379	1,917,544
Interest	1	75,863	457,967	533,831	260,133	2,795	262,928	796,759
Other	18	23,727	35,329	59,074	45,925	-	45,925	104,999
Total expenses	<u>\$ 54,528</u>	<u>\$ 22,039,982</u>	<u>\$ 20,472,349</u>	<u>\$ 42,566,859</u>	<u>\$ 6,371,915</u>	<u>\$ 857,133</u>	<u>\$ 7,229,048</u>	<u>\$ 49,795,907</u>

See independent auditor's report and notes to consolidated financial statements.

Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services				Supporting Services			2019 Total
	Encouraging Positive Development	Fostering Independence	Promoting Self- Sufficiency	Subtotal	Management and General	Fundraising	Subtotal	
Salaries and wages	\$ 49,539	\$ 14,281,391	\$ 7,664,521	\$ 21,995,451	\$ 2,860,982	\$ 161,833	\$ 3,022,815	\$ 25,018,266
Employee benefits	18,138	2,177,567	1,144,320	3,340,025	447,346	24,999	472,345	3,812,370
Professional services	1,903	1,159,998	1,507,203	2,669,104	1,064,046	322,007	1,386,053	4,055,157
Occupancy	395	2,971,108	1,116,766	4,088,269	444,357	66	444,423	4,532,692
Specific assistance	-	65,215	2,267,869	2,333,084	-	4,933	4,933	2,338,017
Program supplies and expenses	389	525,418	1,078,531	1,604,338	145,378	196,033	341,411	1,945,749
Office supplies and expenses	6,627	669,584	609,393	1,285,604	430,794	7,944	438,738	1,724,342
Travel, conferences and meetings	54	538,036	342,034	880,124	322,913	6,262	329,175	1,209,299
Depreciation and amortization	-	507,391	1,056,334	1,563,725	109,068	-	109,068	1,672,793
Interest	-	210,894	765,936	976,830	493,683	-	493,683	1,470,513
Other	61	84,260	58,239	142,560	157,593	4,949	162,542	305,102
Total expenses	<u>\$ 77,106</u>	<u>\$ 23,190,862</u>	<u>\$ 17,611,146</u>	<u>\$ 40,879,114</u>	<u>\$ 6,476,160</u>	<u>\$ 729,026</u>	<u>\$ 7,205,186</u>	<u>\$ 48,084,300</u>

See independent auditor's report and notes to consolidated financial statements.

Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidated Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
Consolidated cash flows from operating activities		
Change in net assets	\$ 632,787	\$ 679,930
Adjustments to reconcile change in net assets to net cash and cash equivalents and restricted cash provided by operating activities:		
Non-cash contributions	-	(313,979)
Loss attributable to the non-controlling interest	9,155,187	2,474,216
Depreciation	1,917,544	1,647,622
Forgiveness of debt	(23,000)	(23,000)
Gain on the sale-leaseback	(532,975)	(134,834)
Gain on disposal of property and equipment	(718,808)	(1,873,716)
Amortization of mortgage costs	10,855	94,048
Amortization of debt issuance costs	-	7,441
Amortization of organizational costs	-	18,131
Net unrealized gains on investment holdings	(706)	(2,752)
Undistributed investment income	(28,305)	(36,382)
Change in value of split-interest agreements	68,857	3,342
Change in pension obligation	440,694	189,737
Change in operating assets:		
Accounts receivable	(982,564)	722,862
Due from related parties	-	242,335
Prepaid expenses	89,510	63,533
Other receivables	(62,146)	1,914
Interest receivable	(105,730)	(38,287)
Other assets	(108,567)	(11,657)
Change in operating liabilities:		
Accounts payable	(3,119,226)	2,528,645
Accrued expenses	169,641	247,469
Client escrow funds	88,395	(23,428)
Tenant security deposits	1,716	(3,284)
Refundable advances	14,586	(6,102)
Other liabilities	(437)	1,336
Deferred revenue	(83,955)	81,112
Other long-term liabilities	23,383	(19,530)
Post retirement benefit liability	11,644	(34,979)
Deferred rent	83,278	71,408
Net cash and cash equivalents and restricted cash provided by operating activities	6,941,658	6,553,151

See independent auditor's report and notes to consolidated financial statements.

Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidated Statements of Cash Flows (Continued)
For the Years Ended June 30, 2020 and 2019

	2020	2019
Consolidated cash flows from investing activities		
Purchases of land, buildings, and equipment	(6,607,467)	(16,518,366)
Proceeds from sale of land, buildings, and equipment	4,116,818	10,737,989
Repayments to related parties	-	(21,736)
Proceeds from related parties	1,119,412	-
Proceeds from sale of investments	9,682	14,342
Proceeds from (repayments of) notes receivable	7,828,720	(79,608)
Net cash and cash equivalents and restricted cash provided by (used in) investing activities	6,467,165	(5,867,379)
Consolidated cash flows from financing activities		
Deposits paid	(100,510)	(25,947)
Proceeds of notes payable and mortgages payable	11,354,788	8,663,168
Repayments of notes and mortgages payable	(20,655,727)	(8,034,057)
Net cash and cash equivalents and restricted cash (used in) provided by financing activities	(9,401,449)	603,164
Net change in consolidated cash and cash equivalents and restricted cash	4,007,374	1,288,936
Consolidated cash and cash equivalents and restricted cash, beginning of year	6,778,626	5,489,690
Consolidated cash and cash equivalents and restricted cash, end of year	\$ 10,786,000	\$ 6,778,626
Supplemental disclosures of consolidated cash flow information:		
Cash paid during the year for interest	\$ 703,341	\$ 2,074,586
Cash paid during the year for income taxes	\$ -	\$ 2,888
Non-cash transactions from investing and financing activities:		
Deferred gain on the sale-leaseback	\$ 876,074	\$ 1,957,525

See independent auditor's report and notes to consolidated financial statements.

Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Notes to Consolidated Financial Statements
For the Years Ended June 30, 2020 and 2019

1) Organization

Volunteers of America Chesapeake, Inc., (VOAC), founded in 1896, is a non-profit, spiritually-based, human services organization recognized as a church, incorporated in Maryland. VOAC provides social services within Maryland, Washington, D.C., and Virginia under a charter from Volunteers of America, Inc., (VOA, Inc.) a national non-profit, spiritually-based organization providing local health and human service programs and opportunities for individual and community involvement. VOAC provides services to children in order to encourage positive development. VOAC also provides services to individuals with mental health problems, and those that are developmentally disabled, which help in fostering their independence. Finally, VOAC provides substance abuse treatment, community corrections, and homeless services including transitional housing, emergency shelter, and supportive housing to promote self-sufficiency among those served. Affiliated organizations controlled by VOAC include VOA PACA Housing Corporation, PACA Supportive Housing, Inc. (PACA Housing, Inc.), PACA Housing Limited Partnership II (PACA House), VOA Paca House Partners, Limited Partnership (Paca Partners), VOA Pratt Street Housing Corporation (Pratt Street Housing), Pratt Street Housing Limited Partnership (Pratt Street), VOA Irvington Woods Housing Corporation, Inc., (Irvington Woods Corp.), VOA Irvington Woods Limited Partnership (Irvington Woods), VOAC RRC QALICB, LLC (RRC), VOAC RRC, Inc. (RRC Corp.), and VOA Chesapeake Investment Fund, LLC (VOAC Investment Fund). On September 30, 2019 VOAC purchased VOAC Investment Fund.

Volunteers of America of the Carolinas, Inc., (VOACAR), founded in 1896, is a non-profit, spiritually-based human service organization, incorporated in South Carolina. VOACAR provides social services within South Carolina and North Carolina under a charter from VOA, Inc. VOACAR 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. VOACAR promotes self-sufficiency for individuals and families who have experienced homelessness, or other personal crisis, including chemical dependency, involvement with the corrections systems and unemployment. VOACAR focuses on solution-oriented approaches, using a continuum of services from prevention to intervention to long-term support. The sole member of VOACAR is VOAC. Affiliated organizations controlled by VOACAR include VOA Hickory Knoll, Inc. (VOA Hickory Knoll), VOA Butner Morning Glory, Inc. (VOA Butner Morning Glory), VOA Durham LIFE House, Inc. (VOA Durham LIFE House), VOA Durham Maple Court, Inc. (VOA Durham Maple Court), VOA Olympia, Inc. (VOA Olympia), VOA Montford Broad, Inc. (VOA Montford Broad), VOA Asheville LIFE House, Inc. (VOA Asheville LIFE House), and James Island Harbor Investor Member (James Island Harbor Investor), Montford-Broad Development '98 Limited Partnership (Montford Broad Development) and LIFE House Apartments, LLC (LIFE House Apartments).

VOAC, VOACAR, and all affiliated organizations listed above are collectively referred to as the "Organization."

VOAC's charter was reviewed by VOA, Inc. on June 25, 2016 and was renewed for five years until June 30, 2021.

Consolidated totals of VOAC and VOACAR (collectively, VOACC) are reported on the supplementary schedules and intercompany activity between the entities have been eliminated.

See independent auditor's report.

Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

1) Organization (Continued)

A substantial portion of support for the Organization is provided by fees and grants from federal, state, and local governmental agencies. The Organization relies on continued funding in order to provide ongoing and continued programs.

VOAC created entities that serve as the general partner in limited partnership housing projects serving family and single adults, the elderly and disabled, or other special needs individuals. Since the general partner is presumed to control the limited partnership regardless of their ownership interest, the limited partnerships' financial statements are consolidated with VOACC's financial statements. VOAC has 100% interest in Pratt Street, 0.001% interest in Irvington Woods and 0.004% interest in Paca Partners.

VOACAR created entities that serve as the general partner in limited partnership housing projects serving family and single adults, the elderly and disabled, or other special needs individuals. Since the general partner is presumed to control the limited partnership regardless of their ownership interest, the limited partnerships' financial statements are consolidated with VOACC's financial statements. VOACAR has 100% interest in Montford Broad Development and 0.006% interest in LIFE House Apartments.

2) Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting. Revenues are recognized in the period in which they are earned, and expenses are recognized when the obligation is incurred.

Principles of Consolidation

The consolidated financial statements include the accounts of VOACC and its wholly-controlled nonprofit subsidiaries VOA PACA Housing Corporation, Pratt Street Housing, Irvington Woods Corp., RRC Corp., VOA Hickory Knoll, VOA Butner Morning Glory, VOA Durham LIFE House, VOA Durham Maple Court, VOA Olympia, VOA James Island Harbor, VOA Montford Broad, VOA Asheville LIFE House, and James Island Harbor Investor Member, and the for profit entities PACA House Inc., Paca Partners, Pratt Street, Irvington Woods, RRC, VOAC Investment Fund, Montford-Broad Development, and LIFE House Apartments. All material inter-organizational transactions have been eliminated in the consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly-liquid investments with maturities of three months or less when purchased, unless held for reinvestment as part of the investment portfolio, to be cash equivalents.

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

2) Summary of Significant Accounting Policies (Continued)

Allowance for Doubtful Accounts

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on grant and fee for service receivables using the allowance method. The allowance is based on experience, review of each individual receivable, and the Organization's history of uncollectible accounts. The Organization considers accounts to be past due based on management's determination. The Organization's policy is to charge off accounts receivable when management determines the receivables will not be collected.

Land, Buildings, and Equipment

Land, buildings, and equipment are carried at cost and are depreciated on the straight-line method over their estimated useful lives ranging from three to forty years for financial reporting purposes. Construction in progress is capitalized as costs are incurred and is depreciated beginning in the period when placed in service. The policy of the Organization is to capitalize equipment costing over \$2,000 and having a useful life of over one year. Depreciation expense amounted to \$1,586,778 and \$1,647,622 for the years ended June 30, 2020 and 2019, respectively.

Gifts of long-lived assets such as land, buildings, or equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Investments and Investment Risk

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest, dividends and investment expenses) is included in non-operating income. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis. Investment expenses are recorded when incurred.

The Organization's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the statement of financial position are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the statement of financial position could change materially in the near term.

Designated and Restricted Funds

Designated and restricted funds represent required regulatory reserves and designation of certain deposits. The designated and restricted funds are in separate accounts with financial institutions.

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

2) Summary of Significant Accounting Policies (Continued)

Beneficial Interest in Perpetual Trusts

The Organization received as contributions a beneficial interest in various perpetual trusts. Under the perpetual trust arrangements, the Organization recorded the assets and recognized donor restricted contribution revenue at the fair market value of the Organization's beneficial interest in the trust assets, depending on the nature of the donor's restrictions. Income earned on the trust assets and distributed to the Organization is recorded as investment income in the statement of activities and changes in net assets, unless otherwise restricted by the donor. Subsequent changes in fair value are recorded as change in value of split interest agreements in net assets with donor restrictions in the statement of activities and changes in net assets, depending on the nature of the donor's restrictions.

Basis of Presentation

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization are classified in the following two classes:

Net assets without donor restrictions represent funds that are available for support of the operations of the Organization, and that are not subject to donor restrictions.

Net assets with donor restrictions consist of contributions that have been restricted by the donor for specific purposes or are time restricted, including contributions that have been restricted by the donor that stipulate the resources be maintained in perpetuity, but permit the Organization to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets. The Organization treats unconditional and conditional contributions in which the restrictions are met in the current year as net assets without donor restrictions.

Board-designated net assets are net assets without donor restrictions that are used only for the specific purpose by board resolution. The board designates a portion of any operating surplus to its liquidity reserve, which was \$956,299 as of June 30, 2020 and 2019, respectively. The liquidity reserve may be drawn upon in the event of financial distress or an immediate liquidity need.

Revenue Recognition

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donors for future periods or specific purposes are reported as support with donor restrictions. Conditional contributions to give are only recognized when the conditions on which they depend are substantially met. As of June 30, 2020 and 2019, the Organization received conditional promises to give of \$11,884,312 and \$0, respectively, to be recognized once allowable expenses under the awards agreements are incurred.

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

2) Summary of Significant Accounting Policies (Continued)

As required by the *Transfers of Assets to a Not-for-Profit Entity of Charitable Trust that Raises or Holds Contributions for Others* Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958-605-25-24), the Organization recognized in its consolidated financial statements gross support received and the related expenses incurred associated with its direct mail program conducted through VOA, Inc.

Contributions-in-kind

Contributed goods are recorded at their fair value at the date of receipt. Contributed services are recognized if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by peoples with those skills, and would otherwise be purchased by the Organization. During the years ended June 30, 2020 and 2019, the Organization recorded contributed goods totaling \$79,868 and \$213,718, respectively. No amounts are recognized for donated services since they do not meet the support recognition criteria of the *Contributed Services* topic of FASB ASC (958-605-25-16).

Program Service Fees

Program service fees revenue is recognized when services are rendered for eligible individuals.

Rental Revenue and Requirements

The Organization has several regulatory agreements with HUD and various regulatory agencies which restricts rental units to designated groups and amounts. Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Organization and tenants are operating leases.

Advertising Costs

Total advertising costs for the years ended June 30, 2020 and 2019, were \$41,085 and \$14,600, respectively.

Measure of Operations

The Organization defines operations as all program and supporting services activities undertaken. Revenues and support that result from these activities and their related expenses are reported as operating activities that produce changes in net assets from operations. Investment income gains and losses, other revenues or expenses that result from ancillary activities, such as disposing of assets, changes in the values of split-interest agreements, changes in the amount of the underfunded pension obligation, and recoveries of debts written-off in prior years as a result of administrative efforts are reported as non-operating activities.

Income Taxes

Under provision of Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the State of Maryland, the Organization is exempt from income taxes, except for net income from unrelated business income, as a subordinate unit of VOA, Inc. VOA, 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). There were no significant unrelated business activities for the years ended June 30, 2020 and 2019. No provision or benefit for income taxes on the partnerships has been included in these financial statements since taxable income or loss passes through to, and is reportable by, the partners individually.

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

2) Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Reclassifications

Certain amounts in 2019 have been reclassified to conform to the 2020 presentation. There was no effect on the 2019 change in net assets as a result of these reclassifications.

3) Accounting Pronouncements Update

In 2020, the Organization adopted ASU No. 2018-08 – *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The core guidance in ASU 2018-08 is to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Adoption of ASU 2018-08 resulted in no changes in presentation of the financial statements.

In the year ended June 30, 2020, the Organization adopted ASU No. 2016-18 – *Statements of Cash Flows (Topic 230): Restricted Cash*. The core guidance in ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

The following table provides a reconciliation of cash and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows at June 30, 2020 and 2019.

	2020	2019
Cash and cash equivalents	\$ 8,919,630	\$ 4,432,148
Designated and restricted cash	1,866,370	2,346,478
Total cash and cash equivalents and restricted cash shown in the consolidated statements of cash flows	<u>\$ 10,786,000</u>	<u>\$ 6,778,626</u>

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

4) Significant Concentrations

The Organization maintains its cash balances at various financial institutions and at times, these balances may exceed federally insured limits. The Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance and management believes that there are no significant concentrations of credit risk as a result of maintaining these accounts. At June 30, 2020, cash and cash equivalents and restricted cash balances exceeded federal insured limits by approximately \$7,754,583.

Concentration of Revenues

The Organization receives a substantial amount of support from federal, state, and local governmental agencies and a major reduction in the level of this support, if it were to occur, may have significant impact on the Organization's operations. Approximately 85% and 84% of total revenue was derived from support from federal, state, and local government agencies for the years ended June 30, 2020 and 2019, respectively.

The Organization's operations are concentrated in the multifamily real estate market and operate in a heavily regulated environment. The operations of the entities are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to Department of Housing and Urban Development (HUD), Department of Veterans Affairs, the North Carolina Housing Finance Agency, the South Carolina State Housing & Development Authority, and the City of Baltimore. Such administrative directives, rules, and regulations are subject to change by an act of Congress or an administrative change mandated by these authorities. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

5) Accounts Receivable

Accounts receivable at June 30, 2020 and 2019, consisted of the following:

	2020	2019
Grants and contracts	\$ 1,573,890	\$ 2,149,375
Fees for services	5,911,960	4,486,856
Rents and other receivables	73,757	73,274
	7,559,607	6,709,505
Less: allowance for doubtful accounts	(100,979)	(233,441)
Total	<u>\$ 7,458,628</u>	<u>\$ 6,476,064</u>

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Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

6) Land, Buildings, and Equipment

Land, buildings, and equipment are recorded at cost and consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land and improvements	\$ 5,363,848	\$ 6,777,433
Buildings and improvements	53,061,782	36,753,132
Furniture and equipment	3,140,622	2,324,559
Vehicles	1,236,583	1,207,546
Development and predevelopment costs	<u>-</u>	<u>12,161,797</u>
	62,802,835	59,224,467
Less: accumulated depreciation	<u>(17,125,863)</u>	<u>(15,715,482)</u>
Net land, buildings, and equipment	<u>\$ 45,676,972</u>	<u>\$ 43,508,985</u>

Development and predevelopment costs represent costs incurred in connection with the acquisition and renovation of real estate located at 116 North Paca Street in Baltimore, Maryland. These costs will be capitalized upon completion of the redevelopment project.

Certain land, buildings, improvements, furniture, and equipment are restricted as to use and disposition by various regulatory agencies as disclosed in Notes 1, 2, 14, and 17.

7) Designated and Restricted Funds

The Organization has agreements with several agencies that require funded reserves and the designation of certain deposits. The designated and restricted funds are in separate accounts with financial institutions.

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

7) Designated and Restricted Funds (Continued)

Balances in the designated accounts at June 30, 2020 and 2019 are as follows:

	2020	2019
Mortgage escrow deposit	\$ 80,772	\$ 100,792
Replacement reserves	684,727	671,141
Operating reserves	877,664	1,268,224
Tenant security deposits	64,801	61,488
Client escrows	111,586	87,992
Fee reserve	-	110,078
Other reserves	46,820	46,763
	<u>\$ 1,866,370</u>	<u>\$ 2,346,478</u>
Total designated and restricted funds	<u>\$ 1,866,370</u>	<u>\$ 2,346,478</u>

8) Investments and Fair Value Measurements

VOAC is a participant in a pooled investment program (the Program) which is managed by VOA, Inc. VOAC has an agreement with VOA, Inc. regarding the participation in the program and management of the investment pool. The agreement is in effect until terminated by VOAC or VOA, Inc. or either party can elect to terminate the agreement with 90 days written notice. A summary of the agreement is as follows:

VOA, Inc. Responsibilities

VOA, Inc. is responsible for determining the investment objective for each pool and for developing an appropriate investment policy and asset allocation based on a risk tolerance analysis. The Investment Committee of Volunteers of America, Inc. selects fund managers recommended by the investment advisor, reviews the performance of the managers and recommends any changes in fund management based on those reviews.

Pool Participant Responsibilities

VOAC may designate its investment into one or more sub-accounts. A participant must have a minimum of one sub-account of no less than \$25,000 and there is no limit to the number of sub-accounts that may be maintained on the behalf of each participant. If a participant no longer has a need for a designated sub-account, it must provide 30 days written notice to VOA, Inc. to eliminate the sub-account and instruct VOA, Inc. as to the disbursement or reallocation of the sub-account's assets.

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

8) Investments and Fair Value Measurements (Continued)

Deposits, Withdrawals, and Earnings

Deposits may be made at any time. After the initial deposit, cash deposits must be a minimum of \$1,000 each. Deposits of securities may be for any amount. Partial cash withdrawals may be for any amount, however, only 1 withdrawal is permitted per quarter. Written notice must be submitted to VOA, Inc. 30 days prior to the date of withdrawal. In the event that cash is needed from invested pool assets in less than 30 days or more than once per quarter, the participant may apply to VOA, Inc. for an interest-bearing loan. All funds will earn from the date of deposit through the date of withdrawal. All interest payments, dividends and VOAC realized gains are reinvested.

Valuing Investments

The values of the pooled funds will be determined monthly. That portion of the pool asset value held on behalf of each participant will be determined based on the asset values. Each participant's share will be prorated based on beginning net asset value and the daily weighting of any deposits or withdrawals made during the month.

Voting Rights

Participants may earn a right to nominate members to serve on the Investment Committee of VOA, Inc. (Committee). For each \$100,000 invested in the Program, a participant is entitled to 1 vote. Voting participants elect a slate of candidates for membership on the Committee. The VOA, Inc. Board of Directors appoints members to the Committee. Committee membership shall be no less than 3 and no more than 7 people. From time to time, the Committee may propose amendments to the operating agreement which will subsequently be forwarded to the voting members for ratification.

Fees

Each participant will be charged an annual fee to cover the costs of management of the Program and Committee activities, including custodial fees and printing and distribution of the monthly and quarterly reports. This fee is assessed and paid quarterly based on the participant asset value at the end of each calendar quarter. Fees are also charged for the third-party services for sub-account reporting, services provided by the investment advisor in overseeing the implementation of the investment plan and for the execution costs of all transactions, and investment services provided by the investment managers.

The Organization presents its financial assets and liabilities required to be measured at fair value on a recurring basis by the *Fair Value Measurements and Disclosures* Topic of FASB ASC (820) using the following hierarchy:

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

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Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

8) Investments and Fair Value Measurements (Continued)

Level 2 Inputs to the valuation methodology include the following:

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

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

Level 3 Inputs to valuation methodology are unobservable and significant to the fair value measurement.

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020.

Common Stock

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

Exchange Traded Fund

Valued at quoted market prices in an exchange and active market.

Corporate bonds

Valued at fair value based on quoted market prices for similar securities in active markets that the Organization has the ability to access at the measurement date.

Fixed Income Funds

Valued using the present value of future income and the security value upon maturity.

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

8) Investments and Fair Value Measurements (Continued)

The Organization's investments and split-interest agreements are recorded at fair value on a recurring basis and are summarized below. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement.

	Level 1	Level 2	Level 3	Total
<u>June 30, 2020</u>				
Common stock	\$ 33,179	\$ -	\$ -	\$ 33,179
Exchange traded funds	7,672	-	-	7,672
Corporate bonds	-	10,934	-	10,934
Total investments, in the fair value hierarchy	\$ 40,851	\$ 10,934	\$ -	51,785
Investments measured at net asset value *				773,196
Total investments, at fair value				\$ 824,981
	Level 1	Level 2	Level 3	Total
<u>June 30, 2019</u>				
Common stock	\$ 30,959	\$ -	\$ -	\$ 30,959
Exchange traded funds	9,850	-	-	9,850
Corporate bonds	-	8,373	-	8,373
Total investments, in the fair value hierarchy	\$ 40,809	\$ 8,373	\$ -	49,182
Investments measured at net asset value *				825,327
Total investments, at fair value				\$ 874,509

*In accordance with FASB ASC 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

8) Investments and Fair Value Measurements (Continued)

The following tables summarize investments for which fair value is measured using the net asset value per share practical expedient as of June 30, 2020 and 2019, respectively.

June 30, 2020	Fair value	Unfunded commitment	Redemption frequency	Redemption notice period
Investments measured at net asset value	\$ 773,196	N/A	Daily	Daily
June 30, 2019	Fair value	Unfunded commitment	Redemption frequency	Redemption notice period
Investments measured at net asset value	\$ 825,327	N/A	Daily	Daily

9) Split-Interest Agreements

The Organization is the beneficiary under a perpetual trust administered by a bank in which the principal is non-distributable. The perpetual trust provides for the total distribution of the trust's earnings annually to various designated beneficiaries. The Organization is entitled to receive 0.5667% of the annual distribution. The income earned on the amounts held in the trust amounted to \$3,276 and \$333 for the years ended June 30, 2020 and 2019, respectively, and was recorded as interest income with donor restrictions. During the years ended June 30, 2020 and 2019, there were no annual distributions or changes in the balance of funds held by the trust. The Organization reports in its consolidated statements of financial position the Organization's proportionate share of the fair value of the trust's assets as an estimate of the present value of the Organization's future cash distributions from the trust. The Organization's proportionate share of the fair value of the trust's assets was \$53,025 and \$60,011 at June 30, 2020 and 2019, respectively. The Organization is also the beneficiary under a charitable remainder trust administered by a bank. Under terms of the split-interest agreement, the Organization receives 33% of monthly income earned by the trust after designated dollar payments to other beneficiaries. After the death of the last beneficiary receiving designated dollar payments, the trust is terminated and the corpus is distributed, with VOAC receiving 33% of the corpus. Trust assets are adjusted annually based on the current fair market value of the underlying assets.

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Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

9) Split-Interest Agreements (Continued)

The Organization's share of assets held in the charitable remainder trust, which are reflected in net assets with donor restrictions, amounted to \$712,028 and \$755,276 at June 30, 2020 and 2019, respectively. The income earned on the amounts held in the trust amounted to \$39,001 and \$36,049 for the years ended June 30, 2020 and 2019, respectively, and was recorded as interest income with donor restrictions. The amount of the quarterly distributions of trust funds amounted to \$17,534 and \$14,342 for the years ended June 30, 2020 and 2019, respectively, and was recorded as a release of net assets with donor restrictions. The remaining change in the balance of funds held by the trust amounted to \$68,857 and \$3,342 decrease for the years ended June 30, 2020 and 2019, respectively, and was recorded as a change in value of split-interest agreements.

All investments from the split-interest agreements are measured at net asset value, as noted in Note 8, and are classified at June 30, 2020 and 2019, as follows:

	2020	2019
Cash and cash equivalents	\$ 41,019	\$ 10,724
Marketable equities	532,083	588,270
Fixed income funds	189,357	214,158
Income	2,594	2,135
Total split-interest agreements, at fair value	<u>\$ 765,053</u>	<u>\$ 815,287</u>

10) Notes Receivable

The Organization has a note receivable from VOA Eastern Avenue Housing Corporation (related party) of \$1,256,449. Management has recorded an allowance of \$942,337 based on analysis and expected payments to be received on this note. Management expects to receive payments in 2021. See Note 19 for more details of this note.

On December 31, 2013, VOACAR issued a note receivable for \$1,552,134 at 6% interest per annum maturing December 31, 2055. Payments are only required to be made from available cash surplus at the end of the year as defined in the borrower's operating agreement. During the year ended June 30, 2020 VOACAR received an interest payment of \$27,269.

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11) New Market Tax Credits

In July 2012, VOAC entered into a financial arrangement to help fund the cost of a new residential re-entry facility at 4900 East Monument Street in Baltimore, Maryland, through the use of the New Market Tax Credits (NMTC). Under this arrangement, the Organization received a loan of \$7,000,000 from JP Morgan Chase. The note payable required monthly interest payments of \$30,625 at 5.25% until July 2014. Beginning in August 2014, the note payable required monthly principal and interest payments of \$50,162 at 5.25% until July 2015. Thereafter, monthly principal and interest payments of \$56,271 at 5.25% are due until December 31, 2020, at which point the remaining principal balance is due. The principal balance due as of June 30, 2020 and 2019 was \$4,577,167 and \$5,001,041, respectively. Another loan of \$2,240,000 from BB&T requires monthly payments of principal and interest at 4.39% until September 2022. The loans are secured by a deed of trust in the Organization's interest in the Intermediate Care Facilities ("ICF") properties and a note receivable from VOAC Investment Fund. The entire balance was paid off in June 2019 as a result of sale leaseback transactions of the ICF properties.

Chase Community Equity, LLC (CCE), the tax credit investor, invested \$3,289,711 in tax credits in the NMTC. The NMTC combined the funds from VOAC and CCE and invested the funds in VOANS CDE Subsidiary 2, LLC (CDE), a limited liability company organized by Volunteers of America National Services for the purpose of loaning funds to VOAC RRC QALICB, LLC (RRC) for the construction of the residential re-entry center in Baltimore, Maryland. RRC received three loans from CDE. The first loan (QALICB Loan A) for \$7,000,000 requires quarterly interest payments of \$73,135 at 4.1791% interest until December 2019 at which point the principal balance of \$7,000,000 was due. The principal balance due as of June 30, 2020 and 2019 was \$7,000,000. The second loan (QALICB Loan B) for \$814,960 requires quarterly interest payments of \$8,136 at 4.1791% until July 2019. Thereafter, quarterly principal and interest payments of \$13,655 at 4.1791% are due until the loan is satisfied in July 2042. The principal balance due as of June 30, 2020 and 2019 was \$793,362 and \$814,960, respectively. The third loan (QALICB Loan C) for \$2,841,040 requires quarterly interest payments of \$29,683 at 4.1791% until July 2019. Thereafter, quarterly principal and interest payments of \$47,602 at 4.1791% are due until the loan is satisfied in July 2042. The principal balance due as of June 30, 2020 and 2019 was \$2,765,748 and \$2,841,040, respectively. Balances for the three loans have been eliminated in consolidation due to VOAC purchasing VOAC Investment Fund (Note 1).

12) Line of Credit

On May 19, 2014, the Organization signed an agreement establishing a line of credit from a bank in the amount of \$2,000,000. Interest is payable monthly at the prime rate plus one percent. The line was originally due in full on May 31, 2015. The line was subsequently renewed through February 28, 2021. The Organization must maintain a debt service ratio of not less than 1.20 to 1.00, net assets without donor restrictions of not less than \$9,000,000, and unrestricted liquidity of not less than \$1,500,000. The security for the line of credit is the accounts receivable of the Organization, excluding accounts receivable related to or arising from program receivables from the District of Columbia government. The amount outstanding under the line of credit at June 30, 2020 and 2019 was \$0.

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Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

12) Line of Credit (Continued)

On October 17, 2013, the Organization signed an agreement establishing a line of credit from a bank in the amount of \$500,000 or up to 80% of eligible accounts receivable. Interest is payable monthly at a rate of 5.25%. The line was originally due in full on October 17, 2014. The line was subsequently renewed through May 17, 2021. The security for the line of credit is the accounts receivable related to or arising from program receivables from the District of Columbia government. The amount outstanding under the line of credit at June 30, 2020 and 2019 was \$0.

13) Accrued Expenses

Accrued expenses consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Accrued salaries and payroll taxes withheld	\$ 883,755	\$ 846,199
Accrued provider tax	36,954	15,099
Accrued interest	1,401,730	1,308,312
Other payables and accrued expenses	<u>1,063,327</u>	<u>1,046,515</u>
Total	<u>\$ 3,385,766</u>	<u>\$ 3,216,125</u>

Accrued interest payable of \$1,388,821 and \$844,975 at June 30, 2020 and 2019, respectively, related to Paca Partners and Pratt Street. This accrued interest is only payable if Paca Partners and Pratt Street have surplus cash at the end of the calendar year as defined in the regulatory agreements.

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For the Years Ended June 30, 2020 and 2019

14) Notes and Mortgages Payable

Obligations under notes and mortgages payable at June 30, 2020 and 2019, consisted of the following:

Description	Maturity date	Interest rate	Monthly payment	Balance	
				2020	2019
[1] Mortgage loan	October 20, 2025	5.00%	\$ 3,270	\$ -	\$ 432,234
[2] Mortgage loan	August 13, 2025	5.00%	\$ 3,270	-	435,006
[3] Mortgage loan	April 1, 2042	5.48%	\$ -	700,000	700,000
[4] Mortgage loan	June 1, 2021	4.00%	\$ -	760,266	760,266
[5] Mortgage loan	August 1, 2037	7.13%	\$ 10,371	1,273,042	1,309,636
[6] Mortgage loan	April 1, 2042	5.48%	\$ -	100,000	100,000
[7] Corporate note	July 6, 2019	4.179%	\$ -	-	7,000,000
[8] Corporate note	July 6, 2042	4.179%	\$ -	-	814,960
[9] Corporate note	July 6, 2042	4.179%	\$ -	-	2,841,040
[10] Bank note	December 31, 2020	5.250%	\$ 56,271	4,577,168	5,001,104
[11] Mortgage loan	February 28, 2037	3.98%	\$ 2,304	-	348,757
[12] Mortgage loan	August 2, 2027	4.59%	\$ -	-	361,646
[13] Bank note	September 30, 2038	6.25%	\$ -	729,035	750,545
[14] Construction loan	July 31, 2020	4.03%	\$ -	2,420,000	3,420,000
[15] Construction loan	July 31, 2020	4.03%	\$ -	-	470,346
[16] Mortgage loan	February 1, 2060	1.00%	\$ -	529,061	529,061
[17] Mortgage loan	February 1, 2060	2.00%	\$ -	1,341,000	1,341,000
[18] Mortgage loan	February 1, 2060	1.00%	\$ -	2,075,791	2,075,791
[19] Corporate note	June 1, 2058	1.00%	\$ -	500,000	500,000
[20] Mortgage loan	June 1, 2040	7.25%	\$ 4,401	556,532	568,519
[21] Mortgage loan	November 1, 2038	2.00%	\$ 1,476	294,561	306,268
[22] Mortgage loan	June 1, 2039	0.00%	\$ -	160,000	168,000
[23] Mortgage loan	June 1, 2033	0.00%	\$ -	245,508	245,508
[24] Mortgage loan	July 1, 2033	7.50%	\$ 2,098	209,931	218,702
[25] Mortgage loan	July 1, 2022	1.50%	\$ 500	301,462	302,918
[26] Mortgage loan	May 24, 2040	0.00%	\$ -	2,262,000	2,262,000
[27] Mortgage loan	November 1, 2038	0.00%	\$ -	150,000	165,000
[28] Mortgage loan	June 7, 2040	0.00%	\$ -	600,000	600,000
[29] Mortgage loan	June 1, 2023	0.00%	\$ -	366,400	371,200
[30] Note payable	July 1, 2040	3.75%	\$ 2,014	340,386	351,528
[31] Note payable	July 1, 2024	0.00%	\$ -	300,000	300,000
[32] Mortgage loan	July 1, 2024	1.00%	\$ 345	18,445	22,263
[33] Note payable	June 26, 2024	3.50%	\$ -	80,000	-
[34] PPP loan	April 28, 2022	1.00%	\$ -	4,863,155	-
Total notes payable				25,753,743	35,073,298
Less loan amortization and financing fees				(360,690)	(367,161)
				25,393,053	34,706,137
Less current portion				9,277,276	12,603,510
Net long-term portion				\$ 16,115,777	\$ 22,102,627

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Notes to Consolidated Financial Statements (Continued)
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14) Notes and Mortgages Payable (Continued)

- [1] Due in 60 monthly installments of \$3,270 including interest of 5.00%, beginning November 2015 and 59 monthly installments of \$3,270 including interest of a variable amount, estimated to be 5.00%, beginning November 2020. Secured by real estate at Kensington Street, Virginia.
- [2] Due in 60 monthly installments of \$3,270 including interest of 5.00%, beginning September 2015 and 59 monthly installments of \$3,352 including interest of a variable amount, estimated to be 5.375%, beginning September 2020. Secured by real estate at Verbena Avenue, Washington, D.C.
- [3] The loan was interest-free through construction completion or August 21, 2004, whichever occurred first. The mortgage is secured by Pratt Street real estate. The interest rate is the annual applicable federal rate. Annual principal and interest payments shall be made upon commencement of the permanent loan. Organization has surplus cash, which is defined in the loan agreement. Any principal and interest not paid due to insufficient surplus cash shall be deferred and paid on the next annual payment date to the extent there is sufficient surplus cash. Outstanding principal and accrued interest shall be due and payable on the maturity date.
- [4] Interest and principal are due in annual installments commencing April 1, 2005, in an amount equal to the lesser of surplus cash or scheduled payments. If the scheduled payments are greater than surplus cash, the unpaid difference shall be deferred, and all accrued and unpaid interest shall be added to the principal amount of the note and shall accrue interest at 4% per annum. During 2012, DHCD agreed to add interest accrued to the principal balance. On June 1, 2042 the entire indebtedness shall be due and payable. The loan is secured by Pratt Street real estate.
- [5] Secured by real property located on Potter Street, Maryland.
- [6] The note is secured by Pratt Street real estate. The permanent loan interest rate is the annual applicable federal rate. Annual principal and interest payments shall be made upon commencement of the permanent loan period if the Organization has surplus cash, which is defined in the note. Any principal and interest not paid because of insufficient surplus cash shall be deferred and paid on the next annual payment date to the extent there is sufficient surplus cash. Outstanding principal and accrued interest shall be due and payable on the maturity date.
- [7] Note payable to VOANS CDE Subsidiary 2, LLC.
- [8] Note payable to VOANS CDE Subsidiary 2, LLC, interest payable quarterly until July 2019, monthly payments of \$13,655 including principal, thereafter until paid in July 2042.
- [9] Note payable to VOANS CDE Subsidiary 2, LLC, interest payable quarterly until 2019, monthly payments of \$47,602, including principal, thereafter until paid in July 2042.
- [10] Secured by note receivable from VOAC Investment Fund.
- [11] On February 28, 2017, VOAC refinanced the loan related to Leegate Road, Washington, D.C. property. Secured by real property at Leegate Road, Washington, D.C.
- [12] Secured by real property at 4900 East Monument Street, Baltimore, Maryland.
- [13] Due in 20 annual installments of \$69,071, including interest at 6.25%, beginning September 30, 2018.
- [14] Interest and principal are due in monthly installments commencing on the first day of the month that is one full calendar month after the conversion date. Secured by real property located on Paca Street, Maryland.
- [15] Interest is due in monthly installments after the initial advance is made. Repayment of principal is deferred until maturity. Secured by real property located on Paca Street, Maryland.
- [16] Secured by real property located on Paca Street, Maryland.

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Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

14) Notes and Mortgages Payable (Continued)

- [17] Secured by real property located on Paca Street, Maryland.
- [18] Secured by real property owned by Paca Partners. In addition, a payment equal to the amount due on a 41.5-year amortization schedule shall be paid to the extent of surplus cash.
- [19] Secured by real property located on Paca Street, Maryland.
- [20] Payable in monthly installments of \$4,401 including interest at 7.25% per annum for years 1-18. In years 19-30, monthly payments will adjust to include fixed interest based on monthly yield on US Treasury Securities plus 2.5% per annum, calculated on the 1st business day of loan year 19. Secured by real property in Durham, North Carolina.
- [21] Due in 268 monthly installments of \$1,476 and a final installment of \$33,093 due November 2038. Secured by real property in Durham, North Carolina.
- [22] So long as no uncured events of default have occurred under any loan documents securing the Note, the loan shall be forgiven in equal increments of 1/30th each year on February 11th. Secured by real property in Durham, North Carolina.
- [23] Secured by real property in Asheville, North Carolina.
- [24] Due in 193 monthly installments of \$2,098. Secured by real property in Asheville, North Carolina.
- [25] Due in 48 monthly installments of \$500 with a final installment of \$300,327 due July 2021. Secured by real property in Asheville, North Carolina.
- [26] Secured by real property in Durham, North Carolina.
- [27] Mortgage is forgiven at a rate of 1/20th each year on the loan anniversary date so long as no uncured events of default have occurred. Secured by real property in Durham, North Carolina.
- [28] Secured by real property in Durham, North Carolina.
- [29] Due in 120 monthly installments of \$400. Secured by real property in Durham, North Carolina.
- [30] Due in 289 monthly installments of \$2,014. Secured by real property in Durham, North Carolina.
- [31] Note is to be forgiven in July 2024.
- [32] Due in monthly installments of \$345, with final installment due in July 2024.
- [33] Note payable to VOA Futures Fund, Inc. Note must be used to implement and operate the Good360 Community Redistribution Partner program.
- [34] Loan payable to EagleBank under the Paycheck Protection Program created through the passage of the CARES Act. The new loan package is designed to provide funding to small businesses for use in paying employee wages and other critical expenses during the COVID-19 pandemic. Under the terms of the loan, once a borrower receives the funds, the amount spent over the next 8 to 24 weeks (covered period) on payroll, mortgage interest, rent and utilities is eligible to be completely forgiven tax free. Any portion of the loan that is not forgiven must be repaid over two years after a 10-month deferral period at an interest rate of 1%.

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14) Notes and Mortgages Payable (Continued)

Maturities on the above mortgages and notes payable are as follows:

For the Years Ending June 30,

2021	\$ 9,277,276
2022	2,872,736
2023	804,672
2024	237,111
2025	463,438
Thereafter	12,098,510
Total	<u>\$ 25,753,743</u>

Mortgages payable from surplus cash are assumed payable at loan maturity for purposes of this schedule.

The Organization agreed to maintain a minimum tangible net worth and a debt service coverage ratio regarding its mortgage and real estate loans with various banks. Per the terms of the loan agreements, tangible net worth shall not be less than \$9,500,000 as exhibited in the annual consolidated financial audit. Tangible net worth is defined as net worth, plus obligations contractually subordinated to debts owed to the bank, minus goodwill, contract rights, and assets representing claims on members or affiliated entities. The debt service coverage ratio shall not be less than 1.20X for the respective programs that are the end users of the related properties. Cash flow is defined as net profit before taxes, plus depreciation, amortization, and interest, minus owner withdrawals and advances to stockholders. Debt service is defined as current maturities of long-term debt plus interest expense.

If the loans were deemed in default by the bank, then the bank has the option to declare the balances on the notes immediately due and payable, require the Organization to pledge additional collateral, take immediate possession and foreclose on the properties, and/or charge a default rate of interest on the mortgages, which is defined as the prime rate plus 5%. At June 30, 2020 and 2019, the Organization did not meet the debt service coverage ratio and the related outstanding mortgage principal is reported as a current liability.

15) Refundable Advances

The Organization records governmental grant awards accounted for as conditional contributions as refundable advances until related services are performed, at which time they are recognized as revenue. Repayment is not required as long as the Organization satisfies the requirements in the governmental grant agreement. Refundable advances for governmental grant awards received but not yet earned as of June 30, 2020 and 2019, amounted to \$441,377 and \$426,791, respectively.

As of June 30, 2020 and 2019, \$32,773 and \$6,717, respectively, representing rent prepaid by tenants of PACA House, Paca Partners, Pratt Street, and Irvington Woods was included in refundable advances.

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Notes to Consolidated Financial Statements (Continued)
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16) Deferred Revenue

The Organization records contracts accounted for as exchange transactions as deferred revenue until related services are performed, at which time they are recognized as revenue. Deferred revenue for contracts received, but not yet earned as of June 30, 2020 and 2019, amounted to \$1,343 and \$85,298, respectively.

17) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2020:

	Beginning balance	Additions	Released from restriction	Ending balance
Charitable remainder trust	\$ 755,276	\$ (29,856)	\$ (13,392)	\$ 712,028
Renovation of residential property	2,391,555	-	-	2,391,555
Regional operating center program	175,000	-	(175,000)	-
Perpetual trust	60,011	(3,276)	(3,710)	53,025
HUD section 202 capital advance	5,191,800	-	-	5,191,800
Total	<u>\$ 8,573,642</u>	<u>\$ (33,132)</u>	<u>\$ (192,102)</u>	<u>\$ 8,348,408</u>

Net assets with donor restrictions consist of the following at June 30, 2019:

	Beginning balance	Additions	Released from restriction	Ending balance
Charitable remainder trust	\$ 736,911	\$ 32,707	\$ (14,342)	\$ 755,276
Renovation of residential property	891,555	1,500,000	-	2,391,555
Regional operating center program	-	175,000	-	175,000
Perpetual trust	59,678	333	-	60,011
HUD section 202 capital advance	5,191,800	-	-	5,191,800
Total	<u>\$ 6,879,944</u>	<u>\$ 1,708,040</u>	<u>\$ (14,342)</u>	<u>\$ 8,573,642</u>

Charitable Remainder Trust

These funds represent support from a charitable remainder trust in the form of investments held by a third-party trustee under a split-interest agreement, as described in Note 9. The trust corpus will be distributed to the Organization upon the death of the last beneficiary receiving the stipulated monthly amount. The variance in the Organization's share of trust assets from year to year is recorded in the consolidated statement of activities as "change in value of split-interest agreements." The income earned from the trust is recorded as interest income and distributions from the trust are recorded as releases of assets from restrictions.

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Notes to Consolidated Financial Statements (Continued)
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17) Net Assets with Donor Restrictions (Continued)

Renovation of Residential Property

These funds represent purpose restricted grants for the renovation of residential property.

Regional Operating Center Program

These funds represent purpose restricted contributions for the regional operating center program.

Perpetual Trust

These funds represent support from a perpetual trust in the form of investments administered by a bank, as described in Note 9. Changes in value are recorded in the consolidated statement of activities as “change in value of split-interest agreements.” The income earned from the trust is recorded as interest income and distributions from the trust are recorded as releases of assets from restrictions.

HUD Section 202 Capital Advance

These funds represent support from federal awards which have continuing compliance requirements that expire at various dates through 2036. These funds will be released from restriction throughout their respective compliance periods based on the terms of the agreements.

18) Non-Controlling Interest

Non-controlling interest represents the 99.99% limited partnership interest in Irvington Woods, the 99.996% limited partnership interest in Paca Partners and the 99.994% limited partnership interest in LIFE House Apartments.

19) Related Party Transactions

VOACC is a locally incorporated affiliate of VOA, Inc., a national Christian human services organization. VOAC incurred administrative fees to VOA, Inc., totaling \$931,629 and \$1,021,987 for the years ended June 30, 2020 and 2019, respectively. VOACC owed VOA, Inc.'s affiliate \$79,442 and \$100,012 related to these fees as of June 30, 2020 and 2019, respectively, which are included in the amount VOACC owes VOA, Inc., as discussed below.

In July 1998, VOAC entered into a twenty-four month contract with VOA, Inc., which allowed VOA, Inc. to operate the enterprise program. Per the terms of the agreement, the contract could be renewed at the end of the term by VOAC. Under this arrangement, VOAC received 75% of net revenue. Net revenue is defined as gross receipts and vehicle towing donations, less all local program operating expenses. Effective March 1, 2009, VOA, Inc. updated this agreement. For an initial period of four months, VOAC will receive 50% of the net revenue, while VOA, Inc. will retain the balance. Any operating deficits will be funded by VOA, Inc. and cumulative losses at the end of the period will be applied against subsequent net revenues. At the end of this initial period, VOA, Inc. decided to continue operating the local program. Therefore, the agreement automatically renewed for an additional five-year period and will continue to renew annually thereafter, unless terminated earlier by either party for reasons indicated in the agreement. At June 30, 2020 and 2019, VOAC is owed \$0 by VOA, Inc.

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Notes to Consolidated Financial Statements (Continued)
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19) Related Party Transactions (Continued)

The net revenues under this agreement totaled \$33,275 and \$72,777 for the years ended June 30, 2020 and 2019, respectively. These revenues are reported as contributions support.

VOAC owes VOA, Inc. \$49,750 and \$6,750 in operating advances and accrued affiliate fee that are noninterest-bearing and are due on demand as of June 30, 2020 and 2019, respectively.

VOAC is a participant in a pooled investment program managed by VOA, Inc. See Note 8 for more details of the program and related agreement between VOAC and VOA, Inc.

VOA Eastern Avenue Housing Corporation (Eastern Avenue Corp) was a non-stock corporation with two directors appointed by VOA, Inc., and two directors appointed by VOAC. Eastern Avenue Corp was the 1% general partner in VOA Eastern Avenue Limited Partnership (VOA Eastern Avenue). VOA Eastern Avenue's purpose was to own and operate an apartment project. During 2013, Eastern Avenue Corp ceased operations and is now in the process of dissolution. VOAC is entitled to their portion (50%) of a promissory note in the principal amount of \$4,177,994. As of June 30, 2013, VOAC had no book value recorded on their portion of the promissory note as management did not believe the amount was collectible. During the year ended June 30, 2014, VOAC received a principal payment of \$832,549 which was recorded as recovery of bad debt, as well as an interest payment of \$138,897 which was recorded as interest income. As of June 30, 2020 and 2019, principal and accrued interest due to VOAC under this note was \$349,487 and \$287,129, respectively. As of June 30, 2020 and 2019, management has recorded an allowance of \$942,337 based on analysis and expected payments to be received on this note.

During prior periods, Volunteers of America National Services (VOANS), an affiliate of VOACAR, advanced VOA Butner Morning Glory, Inc. and VOA Hickory Knoll, Inc. \$13,593 and \$18,052 for operations. The balance owed to VOANS at June 30, 2020 and 2019 is \$13,593 and \$18,052, respectively.

20) Operating Leases - Lessee

The Organization has several non-cancellable operating leases, primarily for administrative and residential real estate, that expire at various dates through June 2027. Leases have renewal options of up to five years. Rental expenses for these leases totaled \$3,179,281 and \$2,422,814 for the years ended June 30, 2020 and 2019, respectively. During the year ended June 30, 2020, the Organization entered into sale-leaseback transactions for four properties over a five-year period with a five-year renewal option. The properties were sold for a gain of \$1,061,908, which was deferred and will be recognized over the life of the lease. During the year ended June 30, 2019, the Organization entered into sale-leaseback transactions for thirteen properties over a five-year period with a five-year renewal option. The properties were sold for a gain of \$1,990,703, which was deferred and will be recognized over the life of the lease. During the year ended June 30, 2018, the Organization entered into a sale-leaseback transaction for three properties over a five-year period with a five-year renewal option. The properties were sold for a gain of \$383,254, which was deferred and will be recognized over the life of the lease.

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20) Operating Leases - Lessee (Continued)

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2020, is as follows:

For the Years Ending June 30,

2021	\$ 2,979,882
2022	1,978,403
2023	1,867,234
2024	1,866,493
2025	747,247
Thereafter	<u>84,168</u>
Total	<u>\$ 9,523,427</u>

21) Retirement Plans

Defined Benefit Plan

The Organization sponsors a non-contributory defined benefit plan covering all full-time employees at least 21 years of age who are not commissioned ministers with VOAC and subsidiaries. The benefits are based on actuarial recommendations as to funding requirements. The board of directors froze the defined benefit pension plan as of May 31, 2010. No new participants will be enrolled in the Plan. Additional contributions may be required to meet the projected future benefit obligations of the Plan.

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

21) Retirement Plans (Continued)

The following table sets forth the Plan's funded status and amounts recognized in the Organization's consolidated financial statements as of and for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Benefit obligation		
Benefit obligation at beginning of year	\$ 7,265,085	\$ 7,252,599
Interest cost	400,636	401,643
Actuarial loss	125,129	38,989
Benefits paid	<u>(432,669)</u>	<u>(428,146)</u>
Benefit obligation at end of the year	<u>7,358,181</u>	<u>7,265,085</u>
Plan assets		
Fair market value at beginning of year	4,085,955	4,263,206
Benefits paid	(432,669)	(428,146)
Expenses	(750)	-
Net gains	<u>85,821</u>	<u>250,895</u>
Fair market value at end of year	<u>3,738,357</u>	<u>4,085,955</u>
Funded status at end of year	<u>\$ 3,619,824</u>	<u>\$ 3,179,130</u>
Amounts recognized in the statements of financial position		
Non-current liabilities	<u>\$ (3,619,824)</u>	<u>\$ (3,179,130)</u>
Amounts not yet recognized in net periodic pension cost and included in unrestricted net assets		
Accumulated loss	<u>\$ 1,371,501</u>	<u>\$ 1,122,697</u>

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

21) Retirement Plans (Continued)

	2020	2019	
Net periodic pension cost			
Interest cost	\$ 400,636	\$ 401,643	
Expected return on assets	(303,076)	(299,656)	
Amortizations	94,331	94,417	
Net periodic pension cost	191,891	196,404	
Other changes recognized in changes in unrestricted net assets			
Net (loss) gain	(154,473)	101,083	
Amortization of net loss	(94,331)	(94,417)	
Total recognized in changes in unrestricted net assets	(248,804)	6,666	
Net recognized in net periodic pension cost and changes in unrestricted net assets	\$ (56,913)	\$ 203,070	
Amortization			
Greater of benefit obligation or plan assets	\$ 7,358,181	\$ 7,265,085	
10 percent	\$ 735,818	\$ 726,509	
Unrecognized losses	\$ 1,371,501	\$ 1,122,697	
Average future service	\$ 4	\$ 4	
Minimum required amortization for next year	\$ 158,921	\$ 94,331	
Plan asset allocation			
Cash and cash equivalents	0.69%	0.70%	
Debt securities	34.45%	33.98%	
Equity securities	62.41%	62.54%	
Real estate	2.45%	2.78%	
Total	100.00%	100.00%	
	Min %	Target %	Max %
Plan target asset allocation			
Cash and cash equivalents	0.00%	0.00%	20.00%
Debt securities	25.00%	35.00%	45.00%
Equity securities	35.00%	65.00%	75.00%
Expected contribution for next plan year (2021 and 2020)	\$ -	\$ -	\$ -

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

21) Retirement Plans (Continued)

	2020	2019
Expected benefits payments		
2021 / 2020	\$ 645,000	\$ 595,000
2022 / 2021	\$ 665,000	\$ 625,000
2023 / 2022	\$ 680,000	\$ 645,000
2024 / 2023	\$ 690,000	\$ 660,000
2025 / 2024	\$ 715,000	\$ 675,000
Next 5 years	\$ 3,680,000	\$ 3,555,000
 Assumptions		
<i>Weighted-average assumptions used to determine benefit obligation at year end</i>		
Discount rate	5.75%	5.75%
Rate of compensation increase	0.00%	0.00%
 <i>Weighted-average assumptions used to determine net periodic benefit cost for years ended</i>		
Discount rate	5.75%	5.75%
Expected long-term return on plan assets	8.00%	8.00%
Rate of compensation increase	0.00%	0.00%

Measurement Date

The measurement date for each fiscal year is the year end date. The values of assets and liabilities are calculated at this date.

Plan Assets

The Organization's expected rate of return on plan assets was developed by combining a long-term inflation component, the risk adjusted rate of return, and the associated risk premium. A weighted-average rate was developed based on those overall rates and the target asset allocation of the Plan. The Organization's investment strategy encompasses a long-term, risk-controlled approach using diversified investment options with a minimal exposure to volatile investment options like derivatives. The strategy utilizes a diversified allocation of equity, debt, and real estate.

Fair Value of Plan Assets - Beginning in 2009, the rules related to accounting for postretirement benefit plans under accounting principles generally accepted in the United States of America require certain fair value disclosures related to postretirement benefit plan assets, even though those assets are not included on the consolidated statement of financial position.

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

21) Retirement Plans (Continued)

The following table presents the fair values of the assets of the Organization's qualified defined benefit pension plan by asset category and their levels within the fair value hierarchy.

As of June 30, 2020 and 2019, the Organization has valued all of its investments held by the defined benefit pension plan at fair value using quoted prices in active markets for identical assets (Level 1 as described in Note 8 to these consolidated financial statements).

	Level 1	Level 2	Level 3	Total
<u>June 30, 2020</u>				
Equity - mutual funds	\$ 2,333,111	\$ -	\$ -	\$ 2,333,111
Fixed income - corporate debt securities	1,287,808	-	-	1,287,808
Real estate securities	91,650	-	-	91,650
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total plan assets, in the fair value hierarchy	<u>\$ 3,712,569</u>	<u>\$ -</u>	<u>\$ -</u>	3,712,569
Cash and cash equivalents				<u>25,788</u>
Total plan assets, at fair value				<u>\$ 3,738,357</u>
	Level 1	Level 2	Level 3	Total
<u>June 30, 2019</u>				
Equity - mutual funds	\$ 2,555,455	\$ -	\$ -	\$ 2,555,455
Fixed income - corporate debt securities	1,388,244	-	-	1,388,244
Real estate securities	113,459	-	-	113,459
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total plan assets, in the fair value hierarchy	<u>\$ 4,057,158</u>	<u>\$ -</u>	<u>\$ -</u>	4,057,158
Cash and cash equivalents				<u>28,797</u>
Total plan assets, at fair value				<u>\$ 4,085,955</u>

Valuation Techniques

Cash equivalents mostly consist of short-term money-market instruments and are valued at cost, which approximates fair value.

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

21) Retirement Plans (Continued)

U.S. equity securities and international equity securities, fixed income securities, and real estate-based securities are categorized as Level 1 and are traded on national and international exchanges and are valued at their closing prices on the last day of the year.

Tax Deferred Annuity Plans

The Organization maintains two separate tax-deferred annuity plans qualified under Section 403(b) of the Internal Revenue Code. One plan is for full-time employees at least 21 years of age employed as ministers of VOAC. The employer makes a discretionary contribution at 5% or 2% of salary, depending on length of service, for the ministers. The second plan is available for all employees of the Organization and has no required employer matching contribution. Effective June 1, 2010, the Organization amended the second 403(b) plan to a discretionary 2% employer contribution and a discretionary profit-sharing contribution after one year of service and 1,500 hours worked. Employer contributions vest at 20% for each year of service. Participants enrolled in the Plan as of January 1, 2010, and who have been with the Organization for over one year and have completed 2,000 hours of service will be grandfathered into the match and will not have to wait for the additional year.

22) Postretirement Benefit

The Organization provides a self-funded, non-qualified postretirement benefit to two retired chief executive officers. In one case, the benefit consists of a housing allowance and term life insurance. In the second case, the benefit consists of annual health insurance and level premium and term life insurance. The liability for the benefit obligation is determined as the present value of the future cash requirements for the life expectancies of the beneficiaries at the current U.S. Treasury 20-year interest rate. In the case of the health insurance, an escalator of six percent is used for expected future health insurance increases, and Medicare supplemental insurance is assumed at age 65. The postretirement benefit obligation at June 30, 2020 and 2019 was \$291,554 and \$279,910, respectively.

23) Contingencies

PACA House's, Paca Partners', Pratt Street's, Irvington Woods', Montford Broad Developments', and LIFE House Apartments' low-income housing tax credits are contingent on their ability to maintain compliance with applicable sections of Section 8 and Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rents, or to correct noncompliance within a specified time period, could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the limited partners.

VOAC is required to make certain operating deficit contributions to Pratt Street as defined in the partnership agreement. The Organization has agreed to advance funds up to a cumulative maximum of \$335,000 to Pratt Street to cover any operating deficits. No such contributions were required during fiscal years 2020 and 2019. The cumulative operating deficit contributions remitted were \$214,050 through June 30, 2020 and 2019.

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Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

23) Contingencies (Continued)

VOAC is required to make certain operating deficit contributions to Irvington Woods as defined in the partnership agreement. The general partner, pursuant to the terms of the partnership agreement, is required to fund additional capital contributions for any operating deficits through the stabilization date. The general partner's obligation after the stabilization date to make operating deficit contributions that are not funded from the operating reserves is limited to \$280,000. To the extent the general partner cannot meet this obligation, VOAC has provided a guarantee to advance funds to the general partner to cover any shortfall. As of June 30, 2020 and 2019, no such contribution has been requested or required.

Financial assistance from federal, state, and local government entities in the form of grants are subject to special audit procedures. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

On June 30, 2015, a Property Purchase and Sale Agreement was signed between VOAC and VOA, Inc. to transfer Baker House, a property located in Virginia Beach, Virginia to VOAC, with an estimated fair value of \$345,077. Baker House had previously been operated as a program by VOAC on behalf of VOA, Inc. and is utilized as a multi-family rental housing facility for individuals with intellectual disabilities. Baker House is subject to a Regulatory Agreement with the United States Department of Housing and Urban Development (HUD) by and through the Virginia Housing Development Authority (VHDA) in connection with a Deed of Trust in favor of VHDA. The sale between VOAC and VOA, Inc. is contingent upon HUD approving the transfer of the Baker House Housing Assistance Payments Contract to other locations. As of June 30, 2020, HUD approval has not been obtained.

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Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

24) Liquidity Analysis

The following reflects the Organization's financial assets as of June 30, 2020:

Financial assets as of June 30, 2020:

Cash and cash equivalents	\$ 8,919,630
Accounts receivable (net of allowance)	7,458,628
Other receivables	72,657
Designated and restricted funds	1,866,370
Investments	59,928
Beneficial interest in perpetual trust	53,025
Beneficial interest in charitable remainder trust	712,028

Total financial assets 19,142,266

Less those unavailable for general expenditure
within one year due to:

Designated and restricted funds	(1,866,370)
Board-designated net assets	(956,299)
Net assets with donor restrictions	<u>(8,348,408)</u>

Financial assets available to meet cash needs
for general expenditure within one year

\$ 7,971,189

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. In addition, the Organization invests cash in excess of daily requirements in short-term liquid investments. To help manage unanticipated liquidity needs, the Organization has committed lines of credit in the amount of \$2,500,000, which it could draw upon. Occasionally, the board designates a portion of any operating surplus to its liquidity reserve, which was \$956,299 as of June 30, 2020. These funds, which were established by the governing board may be drawn upon in the event of financial distress or an immediate liquidity need resulting from outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

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Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

25) Business Risk Factor

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred domestically in the United States and globally, including mandates from federal, state, and local governments, leading to an overall decline in global economic activity. The ultimate impact of COVID-19 on the financial performance of the Organization's investments cannot be reasonably estimated at this time, but the Organization's management continues to monitor current market conditions. Further, the Organization is assessing the impact COVID-19 will have on its various revenue streams. While it is difficult to estimate the length or severity of this outbreak and the related financial impact of the Organization, management is continuously developing appropriate strategies to respond to this uncertainty.

26) Subsequent Events

The Organization has evaluated events and transactions subsequent to the consolidated statement of financial position date for potential recognition or disclosure through October 30, 2020, the date the consolidated financial statements were available to be issued. There were no events that required recognition or disclosure in the consolidated financial statements, except as noted below.

Loan Refinance – Subsequent to the year end, Paca Partners refinanced a loan which had an outstanding balance of \$2,420,000, maturing on July 31, 2020. The maturity date of the loan was extended to August 1, 2035 with an interest rate of 5.94% per annum.

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Consolidating Schedule of Financial Position As of June 30, 2020

	VOACC	Paca Partners	Pratt Street Housing	Pratt Street	Irvington Woods Corp.	Irvington Woods	RRC Corp.	RRC	VOA Hickory Knoll	VOA Butner Morning Glory	VOA Durham LIFE House
Current assets											
Cash and cash equivalents	\$ 7,666,717	\$ 994,200	\$ -	\$ 8,286	\$ -	\$ 19,487	\$ -	\$ 114,255	\$ 3,685	\$ 1,460	\$ 3,407
Accounts receivable (net of allowance)	7,178,606	23,103	-	11,284	-	(6,588)	-	2,105,238	35,659	17,351	-
Due from related parties	1,977,344	-	272,135	-	-	-	-	-	-	-	-
Prepaid expenses	68,974	-	-	826	-	29,870	-	-	16,876	8,035	14,706
Other receivables	72,657	-	-	-	-	-	-	-	-	-	-
Total current assets	16,964,298	1,017,303	272,135	20,396	-	42,769	-	2,219,493	56,220	26,846	18,113
Property and equipment, net	1,190,082	22,374,304	-	1,048,542	-	3,619,771	-	9,639,037	1,820,945	1,489,251	2,111,880
Other assets											
Designated and restricted funds	123,074	593,723	-	114,303	-	183,333	-	-	135,776	111,092	211,882
Investments	59,928	-	-	-	-	-	-	-	-	-	-
Deposits	167,258	-	-	-	-	-	-	-	-	-	-
Deferred rent asset	-	-	-	-	-	-	-	123,375	-	-	-
Beneficial interest in perpetual trust	53,025	-	-	-	-	-	-	-	-	-	-
Investment in partnerships	1,120,023	-	970,576	-	100	-	(1,234)	-	-	-	-
Beneficial interest in charitable remainder trust	712,028	-	-	-	-	-	-	-	-	-	-
Reimbursement receivable	155,441	-	-	-	-	-	-	-	-	-	-
Notes receivable (net of allowance) including accrued interest	14,533,426	-	-	-	1,266,293	-	-	-	-	-	-
Other assets	-	124,824	-	-	-	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-	-	-	-	-	-
Total other assets	16,924,203	718,547	970,576	114,303	1,266,393	183,333	(1,234)	123,375	135,776	111,092	211,882
Total assets	\$ 35,078,583	\$ 24,110,154	\$ 1,242,711	\$ 1,183,241	\$ 1,266,393	\$ 3,845,873	\$ (1,234)	\$ 11,981,905	\$ 2,012,941	\$ 1,627,189	\$ 2,341,875

See independent auditor's report and notes to consolidated financial statements.

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Consolidating Schedule of Financial Position (Continued) As of June 30, 2020

	VOA Durham Maple Court	VOA Olympia	VOA Montford Broad	VOA Asheville LIFE House	James Island Harbor Investor	Montford Broad Development	LIFE House Apartments	VOAC Investment Fund	Total	Eliminations	Consolidated Total
Current assets											
Cash and cash equivalents	\$ 93,286	\$ 2,183	\$ -	\$ -	\$ -	\$ 8,238	\$ 4,426	\$ -	\$ 8,919,630	\$ -	\$ 8,919,630
Accounts receivable (net of allowance)	33,513	-	-	-	-	1,040	7	-	9,399,213	(1,940,585)	7,458,628
Due from related parties	38,730	-	-	-	-	-	-	-	2,288,209	(2,288,209)	-
Prepaid expenses	6,198	14,273	-	-	-	6,718	9,644	-	176,120	-	176,120
Other receivables	-	-	-	-	-	-	-	-	72,657	-	72,657
Total current assets	171,727	16,456	-	-	-	15,996	14,077	-	20,855,829	(4,228,794)	16,627,035
Property and equipment, net	1,702,514	596,357	-	-	-	228,784	511,103	-	46,332,570	(655,598)	45,676,972
Other assets											
Designated and restricted funds	157,814	59,399	-	-	-	68,618	107,356	-	1,866,370	-	1,866,370
Investments	-	-	-	-	-	-	-	-	59,928	-	59,928
Deposits	-	-	-	-	-	-	-	-	167,258	-	167,258
Deferred rent asset	-	-	-	-	-	-	-	-	123,375	(123,375)	-
Beneficial interest in perpetual trust	-	-	-	-	-	-	-	-	53,025	-	53,025
Investment in partnerships	-	-	-	-	-	-	-	-	2,089,465	(2,089,465)	-
Beneficial interest in charitable remainder trust	-	-	-	-	-	-	-	-	712,028	-	712,028
Reimbursement receivable	-	-	-	-	-	-	-	-	155,441	-	155,441
Notes receivable (net of allowance) including accrued interest	-	-	764,292	323,779	-	-	-	10,559,109	27,446,899	(24,641,988)	2,804,911
Other assets	-	-	-	-	-	-	-	-	124,824	-	124,824
Long-term investments	-	-	348,281	4,852	-	-	-	-	353,133	(353,133)	-
Total other assets	157,814	59,399	1,112,573	328,631	-	68,618	107,356	10,559,109	33,151,746	(27,207,961)	5,943,785
Total assets	\$ 2,032,055	\$ 672,212	\$ 1,112,573	\$ 328,631	\$ -	\$ 313,398	\$ 632,536	\$ 10,559,109	\$ 100,340,145	\$ (32,092,353)	\$ 68,247,792

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Consolidating Schedule of Financial Position (Continued)
As of June 30, 2020

	VOACC	Paca Partners	Pratt Street Housing	Pratt Street	Irvington Woods Corp.	Irvington Woods	RRC Corp.	RRC	VOA Hickory Knoll	VOA Butner Morning Glory	VOA Durham LIFE House
Current liabilities											
Accounts payable	\$ 675,501	\$ 29,313	\$ -	\$ 125,340	\$ -	\$ 74,224	\$ -	\$ -	\$ 38,563	\$ 35,488	\$ 14,100
Current maturities of long-term debt	6,715,966	2,420,000	-	-	-	39,271	-	22,747	-	-	32,815
Accrued expenses	1,775,273	526,802	-	1,049,600	-	77,270	-	-	8,634	46,292	45,249
Deferred gain on sale-leaseback, current	743,601	-	-	-	-	-	-	-	-	-	-
Due to related parties	2,194,397	1,378,242	-	403,568	-	2,486,578	-	7,129,239	-	-	-
Client escrow funds	176,386	-	-	-	-	-	-	-	-	-	-
Tenant security deposits	-	3,988	-	1,195	-	10,962	-	-	-	-	-
Deferred revenue	1,343	-	-	-	-	-	-	-	-	-	-
Refundable advances, current	-	18,140	-	9,139	-	5,377	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	13,111	8,089	6,250
Total current liabilities	12,282,467	4,376,485	-	1,588,842	-	2,693,682	-	7,151,986	60,308	89,869	98,414
Long-term liabilities											
Long-term debt, less current maturities	2,804,356	7,468,259	-	1,526,260	-	1,201,966	-	3,888,643	-	-	3,240,278
Post-retirement benefit liability	291,554	-	-	-	-	-	-	-	-	-	-
Other long-term liabilities	-	39,765	-	-	-	-	-	-	18,052	13,593	-
Deferred gain on sale-leaseback, net of current portion	2,352,000	-	-	-	-	-	-	-	-	-	-
Deferred rent	415,424	-	-	-	-	-	-	-	-	-	-
Refundable advances, net of current portion	408,721	-	-	-	-	-	-	-	-	-	-
Underfunded pension obligation	3,619,824	-	-	-	-	-	-	-	-	-	-
Total long-term liabilities	9,891,879	7,508,024	-	1,526,260	-	1,201,966	-	3,888,643	18,052	13,593	3,240,278
Total liabilities	22,174,346	11,884,509	-	3,115,102	-	3,895,648	-	11,040,629	78,360	103,462	3,338,692
Net assets											
Without donor restrictions:											
Controlling interest	9,747,629	49,945	1,242,711	(1,931,861)	1,266,393	(335)	(1,234)	941,276	(1,113,019)	(620,473)	(996,817)
Non-controlling interest	-	12,175,700	-	-	-	(49,440)	-	-	-	-	-
Total without donor restrictions	9,747,629	12,225,645	1,242,711	(1,931,861)	1,266,393	(49,775)	(1,234)	941,276	(1,113,019)	(620,473)	(996,817)
With donor restrictions	3,156,608	-	-	-	-	-	-	-	3,047,600	2,144,200	-
Total net assets	12,904,237	12,225,645	1,242,711	(1,931,861)	1,266,393	(49,775)	(1,234)	941,276	1,934,581	1,523,727	(996,817)
Total liabilities and net assets	\$ 35,078,583	\$ 24,110,154	\$ 1,242,711	\$ 1,183,241	\$ 1,266,393	\$ 3,845,873	\$ (1,234)	\$ 11,981,905	\$ 2,012,941	\$ 1,627,189	\$ 2,341,875

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Consolidating Schedule of Financial Position (Continued)
As of June 30, 2020

	VOA Durham Maple Court	VOA Olympia	VOA Montford Broad	VOA Asheville LIFE House	James Island Harbor Investor	Montford Broad Development	LIFE House Apartments	VOAC Investment Fund	Total	Eliminations	Consolidated Total
Current liabilities											
Accounts payable	\$ 91,517	\$ 8,527	\$ -	\$ -	\$ -	\$ 30,451	\$ 18,146	\$ -	\$ 1,141,170	\$ (156,556)	\$ 984,614
Current maturities of long-term debt	31,395	3,781	-	-	-	1,489	9,812	-	9,277,276	-	9,277,276
Accrued expenses	6,647	14,248	-	-	-	8,332	7,920	-	3,566,267	(180,501)	3,385,766
Deferred gain on sale-leaseback, current	-	-	-	-	-	-	-	-	743,601	-	743,601
Due to related parties	-	-	-	-	-	-	-	-	13,592,024	(12,458,998)	1,133,026
Client escrow funds	-	-	-	-	-	-	-	-	176,386	-	176,386
Tenant security deposits	-	-	-	-	-	-	-	-	16,145	-	16,145
Deferred revenue	-	-	-	-	-	-	-	-	1,343	-	1,343
Refundable advances, current	-	-	-	-	-	-	-	-	32,656	-	32,656
Other liabilities	-	5,200	-	-	-	4,885	5,260	-	42,795	-	42,795
Total current liabilities	129,559	31,756	-	-	-	45,157	41,138	-	28,589,663	(12,796,055)	15,793,608
Long-term liabilities											
Long-term debt, less current maturities	2,125,391	314,664	-	-	-	710,036	762,089	7,681,364	31,723,306	(15,607,529)	16,115,777
Post-retirement benefit liability	-	-	-	-	-	-	-	-	291,554	-	291,554
Other long-term liabilities	-	-	-	-	1,138,838	354,229	-	277,829	1,842,306	(1,770,896)	71,410
Deferred gain on sale-leaseback, net of current portion	-	-	-	-	-	-	-	-	2,352,000	-	2,352,000
Deferred rent	-	-	-	-	-	-	-	-	415,424	(123,375)	292,049
Refundable advances, net of current portion	-	-	-	-	-	-	-	-	408,721	-	408,721
Underfunded pension obligation	-	-	-	-	-	-	-	-	3,619,824	-	3,619,824
Total long-term liabilities	2,125,391	314,664	-	-	1,138,838	1,064,265	762,089	7,959,193	40,653,135	(17,501,800)	23,151,335
Total liabilities	2,254,950	346,420	-	-	1,138,838	1,109,422	803,227	7,959,193	69,242,798	(30,297,855)	38,944,943
Net assets											
Without donor restrictions:											
Controlling interest	(222,895)	325,792	1,112,573	328,631	(1,138,838)	(796,024)	(7,033)	2,599,916	10,786,337	(1,794,498)	8,991,839
Non-controlling interest	-	-	-	-	-	-	(163,658)	-	11,962,602	-	11,962,602
Total without donor restrictions	(222,895)	325,792	1,112,573	328,631	(1,138,838)	(796,024)	(170,691)	2,599,916	22,748,939	(1,794,498)	20,954,441
With donor restrictions	-	-	-	-	-	-	-	-	8,348,408	-	8,348,408
Total net assets	(222,895)	325,792	1,112,573	328,631	(1,138,838)	(796,024)	(170,691)	2,599,916	31,097,347	(1,794,498)	29,302,849
Total liabilities and net assets	\$ 2,032,055	\$ 672,212	\$ 1,112,573	\$ 328,631	\$ -	\$ 313,398	\$ 632,536	\$ 10,559,109	\$ 100,340,145	\$ (32,092,353)	\$ 68,247,792

See independent auditor's report and notes to consolidated financial statements.

Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidating Schedule of Financial Position As of June 30, 2019

	VOACC	Paca Partners	Pratt Street Housing	Pratt Street	Irvington Woods Corp.	Irvington Woods	RRC Corp.	RRC	VOA Hickory Knoll	VOA Butner Morning Glory	VOA Durham LIFE House
Current assets											
Cash and cash equivalents	\$ 4,019,234	\$ 243,625	\$ -	\$ 4,318	\$ -	\$ 14,771	\$ -	\$ 19,421	\$ (4,960)	\$ 3,537	\$ 2,549
Accounts receivable (net of allowance)	6,381,541	700	-	16,738	-	13,810	-	1,935,155	37,041	125	-
Due from related parties	1,467,430	-	266,885	-	-	-	-	-	-	-	-
Prepaid expenses	177,343	7,828	-	204	-	26,315	-	-	12,586	6,180	11,338
Other receivables	10,511	-	-	-	-	-	-	-	-	-	-
Total current assets	<u>12,056,059</u>	<u>252,153</u>	<u>266,885</u>	<u>21,260</u>	<u>-</u>	<u>54,896</u>	<u>-</u>	<u>1,954,576</u>	<u>44,667</u>	<u>9,842</u>	<u>13,887</u>
Property and equipment, net	<u>3,642,785</u>	<u>16,121,153</u>	<u>-</u>	<u>1,068,946</u>	<u>-</u>	<u>3,857,283</u>	<u>-</u>	<u>10,060,398</u>	<u>1,871,392</u>	<u>1,541,699</u>	<u>2,228,339</u>
Other assets											
Designated and restricted funds	100,330	985,371	-	137,269	-	200,442	-	110,078	136,804	102,925	205,193
Investments	59,222	-	-	-	-	-	-	-	-	-	-
Deposits	66,748	-	-	-	-	-	-	-	-	-	-
Deferred rent asset	-	-	-	-	-	-	-	96,102	-	-	-
Beneficial interest in perpetual trust	60,011	-	-	-	-	-	-	-	-	-	-
Investment in partnerships	1,119,023	-	970,576	-	100	-	(1,234)	-	-	-	-
Beneficial interest in charitable remainder trust	755,276	-	-	-	-	-	-	-	-	-	-
Reimbursement receivable	155,441	-	-	-	-	-	-	-	-	-	-
Notes receivable (net of allowance) including accrued interest	14,137,869	-	-	-	1,266,293	-	-	-	-	-	-
Other assets	16,257	-	-	-	-	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-	-	-	-	-	-
Total other assets	<u>16,470,177</u>	<u>985,371</u>	<u>970,576</u>	<u>137,269</u>	<u>1,266,393</u>	<u>200,442</u>	<u>(1,234)</u>	<u>206,180</u>	<u>136,804</u>	<u>102,925</u>	<u>205,193</u>
Total assets	<u>\$ 32,169,021</u>	<u>\$ 17,358,677</u>	<u>\$ 1,237,461</u>	<u>\$ 1,227,475</u>	<u>\$ 1,266,393</u>	<u>\$ 4,112,621</u>	<u>\$ (1,234)</u>	<u>\$ 12,221,154</u>	<u>\$ 2,052,863</u>	<u>\$ 1,654,466</u>	<u>\$ 2,447,419</u>

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidating Schedule of Financial Position (Continued)
As of June 30, 2019

	VOA Durham Maple Court	VOA Olympia	VOA Montford Broad	VOA Asheville LIFE House	James Island Harbor Investor	Montford Broad Development	LIFE House Apartments	Total	Eliminations	Consolidated Total
Current assets										
Cash and cash equivalents	\$ 109,751	\$ 8,493	\$ -	\$ -	\$ -	\$ 10,078	\$ 1,331	\$ 4,432,148	\$ -	\$ 4,432,148
Accounts receivable (net of allowance)	40,650	-	-	-	-	122	-	8,425,882	(1,949,818)	6,476,064
Due from related parties	-	-	-	-	-	-	-	1,734,315	(1,734,315)	-
Prepaid expenses	3,780	9,310	-	-	-	5,188	5,558	265,630	-	265,630
Other receivables	-	-	-	-	-	-	-	10,511	-	10,511
Total current assets	154,181	17,803	-	-	-	15,388	6,889	14,868,486	(3,684,133)	11,184,353
Property and equipment, net	1,792,895	642,237	-	-	-	248,928	532,930	43,608,985	(100,000)	43,508,985
Other assets										
Designated and restricted funds	150,479	59,251	-	-	-	58,882	99,454	2,346,478	-	2,346,478
Investments	-	-	-	-	-	-	-	59,222	-	59,222
Deposits	-	-	-	-	-	-	-	66,748	-	66,748
Deferred rent asset	-	-	-	-	-	-	-	96,102	(96,102)	-
Beneficial interest in perpetual trust	-	-	-	-	-	-	-	60,011	-	60,011
Investment in partnerships	-	-	-	-	-	-	-	2,088,465	(2,088,465)	-
Beneficial interest in charitable remainder trust	-	-	-	-	-	-	-	755,276	-	755,276
Reimbursement receivable	-	-	-	-	-	-	-	155,441	-	155,441
Notes receivable (net of allowance) including accrued interest	-	-	734,456	323,778	-	-	-	16,462,396	(5,934,495)	10,527,901
Other assets	-	-	-	-	-	-	-	16,257	-	16,257
Long-term investments	-	-	348,277	4,853	-	-	-	353,130	(353,130)	-
Total other assets	150,479	59,251	1,082,733	328,631	-	58,882	99,454	22,459,526	(8,472,192)	13,987,334
Total assets	\$ 2,097,555	\$ 719,291	\$ 1,082,733	\$ 328,631	\$ -	\$ 323,198	\$ 639,273	\$ 80,936,997	\$ (12,256,325)	\$ 68,680,672

See independent auditor's report and notes to consolidated financial statements.

Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidating Schedule of Financial Position (Continued)
As of June 30, 2019

	VOACC	Paca Partners	Pratt Street Housing	Pratt Street	Irvington Woods Corp.	Irvington Woods	RRC Corp.	RRC	VOA Hickory Knoll	VOA Butner Morning Glory	VOA Durham LIFE House
Current liabilities											
Accounts payable	\$ 1,013,852	\$ 2,885,023	\$ -	\$ 83,501	\$ -	\$ 67,191	\$ -	\$ -	\$ 29,148	\$ 34,183	\$ 17,139
Current maturities of long-term debt	5,468,431	-	-	-	-	36,576	-	7,021,510	-	-	31,680
Accrued expenses	1,752,552	466,423	-	968,799	-	73,810	-	-	7,362	36,696	28,312
Deferred gain on sale-leaseback, current	532,975	-	-	-	-	-	-	-	-	-	-
Due to related parties	1,942,533	-	-	365,968	-	2,382,015	-	63,509	-	-	-
Client escrow funds	87,991	-	-	-	-	-	-	-	-	-	-
Tenant security deposits	-	558	-	1,236	-	12,635	-	-	-	-	-
Deferred revenue	85,298	-	-	-	-	-	-	-	-	-	-
Refundable advances	-	11,377	-	2,525	-	4,168	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	12,339.00	7,107	6,600
Total current liabilities	10,883,632	3,363,381	-	1,422,029	-	2,576,395	-	7,085,019	48,849	77,986	83,731
Long-term liabilities											
Long-term debt, less current maturities	1,110,316	11,246,166	-	1,524,673	-	1,239,549	-	4,094,858	-	-	3,273,107
Post-retirement benefit liability	279,910	-	-	-	-	-	-	-	-	-	-
Other long-term liabilities	-	16,382	-	-	-	-	-	-	18,052	13,593	-
Deferred gain on sale-leaseback, net of current portion	2,219,527	-	-	-	-	-	-	-	-	-	-
Deferred rent	304,873	-	-	-	-	-	-	-	-	-	-
Refundable advances	408,721	-	-	-	-	-	-	-	-	-	-
Underfunded pension obligation	3,179,130	-	-	-	-	-	-	-	-	-	-
Total long-term liabilities	7,502,477	11,262,548	-	1,524,673	-	1,239,549	-	4,094,858	18,052	13,593	3,273,107
Total liabilities	18,386,109	14,625,929	-	2,946,702	-	3,815,944	-	11,179,877	66,901	91,579	3,356,838
Net assets											
Without donor restrictions:											
Controlling interest	10,401,070	49,985	1,237,461	(1,719,227)	1,266,393	(300)	(1,234)	1,041,277	(1,061,638)	(581,313)	(909,419)
Non-controlling interest	-	2,682,763	-	-	-	296,977	-	-	-	-	-
Total without donor restrictions	10,401,070	2,732,748	1,237,461	(1,719,227)	1,266,393	296,677	(1,234)	1,041,277	(1,061,638)	(581,313)	(909,419)
With donor restrictions	3,381,842	-	-	-	-	-	-	-	3,047,600	2,144,200	-
Total net assets	13,782,912	2,732,748	1,237,461	(1,719,227)	1,266,393	296,677	(1,234)	1,041,277	1,985,962	1,562,887	(909,419)
Total liabilities and net assets	\$ 32,169,021	\$ 17,358,677	\$ 1,237,461	\$ 1,227,475	\$ 1,266,393	\$ 4,112,621	\$ (1,234)	\$ 12,221,154	\$ 2,052,863	\$ 1,654,466	\$ 2,447,419

See independent auditor's report and notes to consolidated financial statements.

Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidating Schedule of Financial Position (Continued)
As of June 30, 2019

	VOA Durham Maple Court	VOA Olympia	VOA Montford Broad	VOA Asheville LIFE House	James Island Harbor Investor	Montford Broad Development	LIFE House Apartments	Total	Eliminations	Consolidated Total
Current liabilities										
Accounts payable	\$ 140,723	\$ 7,331	\$ -	\$ -	\$ -	\$ 30,317	\$ 8,681	\$ 4,317,089	\$ (213,249)	\$ 4,103,840
Current maturities of long-term debt	30,961	3,781	-	-	-	1,466	9,105	12,603,510	-	12,603,510
Accrued expenses	9,885	13,289	-	-	-	8,244	12,374	3,377,746	(161,621)	3,216,125
Deferred gain on sale-leaseback, current	-	-	-	-	-	-	-	532,975	-	532,975
Due to related parties	-	-	-	-	-	-	-	4,754,025	(4,740,411)	13,614
Client escrow funds	-	-	-	-	-	-	-	87,991	-	87,991
Tenant security deposits	-	-	-	-	-	-	-	14,429	-	14,429
Deferred revenue	-	-	-	-	-	-	-	85,298	-	85,298
Refundable advances	-	-	-	-	-	-	-	18,070	-	18,070
Other liabilities	-	6,734	-	-	-	4,868	5,584	43,232	-	43,232
Total current liabilities	181,569	31,135	-	-	-	44,895	35,744	25,834,365	(5,115,281)	20,719,084
Long-term liabilities										
Long-term debt, less current maturities	2,156,767	318,482	-	-	-	711,515	771,004	26,446,437	(4,343,810)	22,102,627
Post-retirement benefit liability	-	-	-	-	-	-	-	279,910	-	279,910
Other long-term liabilities	-	-	-	-	1,105,884	324,394	-	1,478,305	(1,430,278)	48,027
Deferred gain on sale-leaseback, net of current portion	-	-	-	-	-	-	-	2,219,527	-	2,219,527
Deferred rent	-	-	-	-	-	-	-	304,873	(96,102)	208,771
Refundable advances	-	-	-	-	-	-	-	408,721	-	408,721
Underfunded pension obligation	-	-	-	-	-	-	-	3,179,130	-	3,179,130
Total long-term liabilities	2,156,767	318,482	-	-	1,105,884	1,035,909	771,004	34,316,903	(5,870,190)	28,446,713
Total liabilities	2,338,336	349,617	-	-	1,105,884	1,080,804	806,748	60,151,268	(10,985,471)	49,165,797
Net assets										
Without donor restrictions:										
Controlling interest	(240,781)	369,674	1,082,733	328,631	(1,105,884)	(757,606)	4,850	9,404,672	(1,270,854)	8,133,818
Non-controlling interest	-	-	-	-	-	-	(172,325)	2,807,415	-	2,807,415
Total without donor restrictions	(240,781)	369,674	1,082,733	328,631	(1,105,884)	(757,606)	(167,475)	12,212,087	(1,270,854)	10,941,233
With donor restrictions	-	-	-	-	-	-	-	8,573,642	-	8,573,642
Total net assets	(240,781)	369,674	1,082,733	328,631	(1,105,884)	(757,606)	(167,475)	20,785,729	(1,270,854)	19,514,875
Total liabilities and net assets	\$ 2,097,555	\$ 719,291	\$ 1,082,733	\$ 328,631	\$ -	\$ 323,198	\$ 639,273	\$ 80,936,997	\$ (12,256,325)	\$ 68,680,672

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidating Schedule of Changes in Net Assets Without Donor Restrictions For the Year Ended June 30, 2020

	VOACC	Paca Partners	Pratt Street Housing	Pratt Street	Irvington Woods Corp.	Irvington Woods	RRC Corp.	RRC	VOA Hickory Knoll	VOA Butler Morning Glory	VOA Durham LIFE House
Revenues and support											
Contributions and non-government grants	\$ 2,256,611	\$ -	\$ -	\$ 669	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special events (net of direct benefit costs)	95,085	-	-	-	-	-	-	-	-	-	-
United way	2,296	-	-	-	-	-	-	-	-	-	-
Government revenues and grants	38,556,230	-	-	-	-	-	-	-	-	-	-
Program service fees	1,256,187	833,695	-	417,383	-	639,713	-	-	275,602	195,774	203,961
Property management fees	527,536	-	-	-	-	-	-	-	-	-	-
Other operating revenues	710,310	42,322	-	3,686	-	3,223	-	-	551	1,142	4,713
Interest and dividends	89,242	4,696	5,250	125	-	119	-	160	1,718	1,330	2,175
Net income on investments	35,538	-	-	-	-	-	-	-	-	-	-
Gain on disposal of equipment	718,808	-	-	-	-	-	-	-	-	-	-
Rental revenue	179,218	-	-	-	-	-	-	894,673	-	-	-
Recovery of bad debt	-	-	-	-	-	-	-	-	-	-	-
Income (loss) from pass-through	-	-	-	-	-	-	-	-	-	-	-
Other revenues	16,356	-	-	-	-	-	-	-	13,792	-	8,253
Satisfaction of program restrictions	192,102	-	-	-	-	-	-	-	-	-	-
Total revenues and support	44,635,519	880,713	5,250	421,863	-	643,055	-	894,833	291,663	198,246	219,102
Expenses	44,848,266	1,885,776	-	634,497	-	989,507	-	994,834	343,044	237,406	306,500
Increase in pension obligation	(440,694)	-	-	-	-	-	-	-	-	-	-
Capital contributions	-	10,522,960	-	-	-	-	-	-	-	-	-
Capital distributions	-	(25,000)	-	-	-	-	-	-	-	-	-
Increase (decrease) in net assets without donor restrictions before non-controlling interest	(653,441)	9,492,897	5,250	(212,634)	-	(346,452)	-	(100,001)	(51,381)	(39,160)	(87,398)
Increase (decrease) in net assets (deficit) attributable to non-controlling interest in subsidiary	-	9,492,937	-	-	-	(346,417)	-	-	-	-	-
Total (decrease) increase in net assets	(653,441)	(40)	5,250	(212,634)	-	(35)	-	(100,001)	(51,381)	(39,160)	(87,398)
Net assets without donor restrictions - beginning of year	10,401,070	49,985	1,237,461	(1,719,227)	1,266,393	(300)	(1,234)	1,041,277	(1,061,638)	(581,313)	(909,419)
Net assets without donor restrictions - end of year	\$ 9,747,629	\$ 49,945	\$ 1,242,711	\$ (1,931,861)	\$ 1,266,393	\$ (335)	\$ (1,234)	\$ 941,276	\$ (1,113,019)	\$ (620,473)	\$ (996,817)

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidating Schedule of Changes in Net Assets Without Donor Restrictions (Continued) For the Year Ended June 30, 2020

	VOA Durham Maple Court	VOA Olympia	VOA Montford Broad	VOA Asheville LIFE House	James Island Harbor Investor	Montford Broad Development	LIFE House Apartments	VOAC Investment Fund	Total	Eliminations	Consolidated Total
Revenues and support											
Contributions and non-government grants	\$ 32,229	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,289,509	\$ -	\$ 2,289,509
Special events (net of direct benefit costs)	-	-	-	-	-	-	-	-	95,085	-	95,085
United way	-	-	-	-	-	-	-	-	2,296	-	2,296
Government revenues and grants	392,880	-	-	-	-	-	-	-	38,949,110	-	38,949,110
Program service fees	31,347	110,653	-	-	-	111,488	183,778	-	4,259,581	-	4,259,581
Property management fees	-	-	-	-	-	-	-	-	527,536	(331,105)	196,431
Other operating revenues	-	5,482	-	-	-	747	151	-	772,327	(632,299)	140,028
Interest and dividends	42	465	29,840	-	-	443	801	341,752	478,158	(376,838)	101,320
Net income on investments	-	-	-	-	-	-	-	-	35,538	-	35,538
Gain on disposal of equipment	-	-	-	-	-	-	-	-	718,808	-	718,808
Rental revenue	-	-	-	-	-	-	-	-	1,073,891	(894,673)	179,218
Recovery of bad debt	15,000	-	-	-	-	-	-	-	15,000	-	15,000
Income (loss) from pass-through	-	-	-	-	(32,954)	-	-	-	(32,954)	32,954	-
Other revenues	-	-	-	-	-	252	165	-	38,818	-	38,818
Satisfaction of program restrictions	-	-	-	-	-	-	-	-	192,102	-	192,102
Total revenues and support	471,498	116,600	29,840	-	(32,954)	112,930	184,895	341,752	49,414,805	(2,201,961)	47,212,844
Expenses	453,612	160,482	-	-	-	151,348	176,227	281,841	51,463,340	(1,667,433)	49,795,907
Increase in pension obligation	-	-	-	-	-	-	-	-	(440,694)	-	(440,694)
Capital contributions	-	-	-	-	-	-	-	2,540,005	13,062,965	(1,000)	13,061,965
Capital distributions	-	-	-	-	-	-	(11,884)	-	(36,884)	11,884	(25,000)
Increase (decrease) in net assets without donor restrictions before non-controlling interest	17,886	(43,882)	29,840	-	(32,954)	(38,418)	(3,216)	2,599,916	10,536,852	(523,644)	10,013,208
Increase (decrease) in net assets (deficit) attributable to non-controlling interest in subsidiary	-	-	-	-	-	-	8,667	-	9,155,187	-	9,155,187
Total (decrease) increase in net assets	17,886	(43,882)	29,840	-	(32,954)	(38,418)	(11,883)	2,599,916	1,381,665	(523,644)	858,021
Net assets without donor restrictions - beginning of year	(240,781)	369,674	1,082,733	328,631	(1,105,884)	(757,606)	4,850	-	9,404,672	(1,270,854)	8,133,818
Net assets without donor restrictions - end of year	<u>\$ (222,895)</u>	<u>\$ 325,792</u>	<u>\$ 1,112,573</u>	<u>\$ 328,631</u>	<u>\$ (1,138,838)</u>	<u>\$ (796,024)</u>	<u>\$ (7,033)</u>	<u>\$ 2,599,916</u>	<u>\$ 10,786,337</u>	<u>\$ (1,794,498)</u>	<u>\$ 8,991,839</u>

See independent auditor's report and notes to consolidated financial statements.

Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidating Schedule of Changes in Net Assets Without Donor Restrictions For the Year Ended June 30, 2019

	VOACC	Paca House	Paca Partners	Pratt Street Housing	Pratt Street	Irvington Woods Corp.	Irvington Woods	RRC Corp.	RRC	VOA Hickory Knoll	VOA Butner Morning Glory
Revenues and support											
Contributions and non-government grants	\$ 717,136	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special events (net of direct benefit costs)	54,458	-	-	-	-	-	-	-	-	-	-
United way	2,120	-	-	-	-	-	-	-	-	-	-
Government revenues and grants	38,148,597	-	-	-	-	-	-	-	-	-	-
Program service fees	1,136,030	59,880	205,933	-	487,835	-	704,304	-	-	283,405	171,085
Property management fees	833,066	-	-	-	-	-	-	-	-	-	-
Other operating revenues	162,681	358	1,937	-	42,690	-	14,332	-	-	-	70
Interest and dividends	203,271	269	1,646	5,250	(3,590)	-	19	-	653	1,274	1,185
Net income on investments	1,954	-	-	-	-	-	-	-	-	-	-
Gain on disposal of equipment	154,461	1,832,162	-	-	-	-	-	-	-	-	-
Rental revenue	155,161	-	-	-	-	-	-	-	880,274	-	-
Recovery of bad debt	-	-	-	-	-	-	1,145	-	-	-	-
Income (loss) from pass-through	-	-	-	-	-	-	-	-	-	-	-
Other revenues	141,920	-	-	-	-	-	-	-	-	7	-
Satisfaction of program restrictions	14,342	-	-	-	-	-	-	-	-	-	-
Total revenues and support	41,725,197	1,892,669	209,516	5,250	526,935	-	719,800	-	880,927	284,686	172,340
Expenses	44,115,427	260,810	553,633	-	615,925	-	943,217	-	896,748	357,245	230,824
Increase in pension obligation	(189,737)	-	-	-	-	-	-	-	-	-	-
Capital contributions	-	-	3,044,600	-	-	-	-	-	488,683	-	-
Capital distributions	-	(33,225)	-	-	-	-	-	-	-	-	-
Increase in net assets without donor restrictions before non-controlling interest	(2,579,967)	1,598,634	2,700,483	5,250	(88,990)	-	(223,417)	-	472,862	(72,559)	(58,484)
Increase (decrease) in net assets (deficit) attributable to non-controlling interest in subsidiary	-	-	2,700,497	-	-	-	(223,396)	-	-	-	-
Total (decrease) increase in net assets	(2,579,967)	1,598,634	(14)	5,250	(88,990)	-	(21)	-	472,862	(72,559)	(58,484)
Net assets without donor restrictions - beginning of year	12,981,037	(1,598,634)	49,999	1,232,211	(1,630,237)	1,266,393	(279)	(1,234)	568,415	(989,079)	(522,829)
Net assets without donor restrictions - end of year	\$ 10,401,070	\$ -	\$ 49,985	\$ 1,237,461	\$ (1,719,227)	\$ 1,266,393	\$ (300)	\$ (1,234)	\$ 1,041,277	\$ (1,061,638)	\$ (581,313)

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidating Schedule of Changes in Net Assets Without Donor Restrictions (Continued) For the Year Ended June 30, 2019

	VOA Durham LIFE House	VOA Durham Maple Court	VOA Olympia	VOA Montford Broad	VOA Asheville LIFE House	James Island Harbor Investor	Montford Broad Development	LIFE House Apartments	Total	Eliminations	Consolidated Total
Revenues and support											
Contributions and non-government grants	\$ -	\$ 45,912	\$ 373,230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,136,278	\$ -	\$ 1,136,278
Special events (net of direct benefit costs)	-	-	-	-	-	-	-	-	54,458	-	54,458
United way	-	-	-	-	-	-	-	-	2,120	-	2,120
Government revenues and grants	-	380,387	-	-	-	-	-	-	38,528,984	-	38,528,984
Program service fees	208,043	23,945	9,045	-	-	-	109,887	179,699	3,579,091	(7,080)	3,572,011
Property management fees	-	-	-	-	-	-	-	-	833,066	(33,225)	799,841
Other operating revenues	2,141	-	-	-	-	-	1,293	33	225,535	(162,681)	62,854
Interest and dividends	2,375	41	29	24,540	-	-	456	821	238,239	(29,790)	208,449
Net income on investments	-	-	-	-	-	-	-	-	1,954	-	1,954
Gain on disposal of equipment	-	-	-	-	-	-	-	-	1,986,623	(1,840,538)	146,085
Rental revenue	-	-	-	-	-	-	-	-	1,035,435	(880,274)	155,161
Recovery of bad debt	-	-	-	-	-	-	-	-	1,145	-	1,145
Income (loss) from pass-through	-	-	-	(4)	-	(32,950)	-	-	(32,954)	32,954	-
Other revenues	8,162	15,571	-	-	-	-	4	1	165,665	-	165,665
Satisfaction of program restrictions	-	-	-	-	-	-	-	-	14,342	-	14,342
Total revenues and support	220,721	465,856	382,304	24,536	-	(32,950)	111,640	180,554	47,769,981	(2,920,634)	44,849,347
Expenses	313,702	435,930	12,630	-	-	-	144,594	183,440	49,064,125	(979,825)	48,084,300
Increase in pension obligation	-	-	-	-	-	-	-	-	(189,737)	-	(189,737)
Capital contributions	-	-	-	-	-	-	-	-	3,533,283	1,351,855	4,885,138
Capital distributions	-	-	-	-	-	-	-	-	(33,225)	33,225	-
Increase in net assets without donor restrictions before non-controlling interest	(92,981)	29,926	369,674	24,536	-	(32,950)	(32,954)	(2,886)	2,016,177	(555,729)	1,460,448
Increase (decrease) in net assets (deficit) attributable to non-controlling interest in subsidiary	-	-	-	-	-	-	-	(2,885)	2,474,216	-	2,474,216
Total (decrease) increase in net assets	(92,981)	29,926	369,674	24,536	-	(32,950)	(32,954)	(1)	(458,039)	(555,729)	(1,013,768)
Net assets without donor restrictions - beginning of year	(816,438)	(270,707)	-	1,058,197	328,631	(1,072,934)	(724,652)	4,851	9,862,711	(715,125)	9,147,586
Net assets without donor restrictions - end of year	\$ (909,419)	\$ (240,781)	\$ 369,674	\$ 1,082,733	\$ 328,631	\$ (1,105,884)	\$ (757,606)	\$ 4,850	\$ 9,404,672	\$ (1,270,854)	\$ 8,133,818

See independent auditor's report and notes to consolidated financial statements.

Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidating Schedule of Expenses For the Year Ended June 30, 2020

	VOACC	Paca Partners	Pratt Street	Irvington Woods	RRC	VOA Hickory Knoll	VOA Butner Morning Glory	VOA Durham LIFE House
Salaries and wages	\$ 24,350,487	\$ 180,760	\$ 160,615	\$ 151,911	\$ -	\$ 75,097	\$ 48,658	\$ 32,273
Employee benefits	3,363,965	25,192	19,049	28,480	-	20,392	16,003	10,894
Professional services	3,619,429	344,805	48,115	135,818	53,951	43,232	39,833	23,422
Occupancy	5,225,004	211,643	220,292	263,077	-	88,532	57,772	41,538
Specific assistance	4,073,134	365,569	532	369	-	-	-	-
Program supplies and expenses	1,152,934	6,147	5,623	5,713	-	9,796	4,642	10,206
Office supplies and expenses	1,651,151	60,631	42,246	59,832	15,540	21,867	12,716	20,462
Travel, conferences and meetings	844,601	1,433	499	308	-	520	513	177
Depreciation and amortization	208,867	537,372	55,485	248,512	421,361	81,806	55,726	116,459
Interest	292,183	129,078	80,531	93,952	503,982	-	-	46,739
Other	66,511	23,146	1,510	1,535	-	1,802	1,543	4,330
Total expenses	\$ 44,848,266	\$ 1,885,776	\$ 634,497	\$ 989,507	\$ 994,834	\$ 343,044	\$ 237,406	\$ 306,500

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidating Schedule of Expenses (Continued)
For the Year Ended June 30, 2020

	VOA Durham Maple Court	VOA Olympia	Montford Broad Development	LIFE House Apartments	VOAC Investment Fund	Total	Eliminations	Consolidated Total
Salaries and wages	\$ 167,234	\$ 19,468	\$ 17,104	\$ 29,811	\$ -	\$ 25,233,418	\$ -	\$ 25,233,418
Employee benefits	22,289	6,774	5,038	7,649	-	3,525,725	-	3,525,725
Professional services	19,410	12,549	19,848	32,182	-	4,392,594	(63,898)	4,328,696
Occupancy	58,802	53,982	33,153	48,252	-	6,302,047	(907,673)	5,394,374
Specific assistance	2,356	-	-	-	-	4,441,960	-	4,441,960
Program supplies and expenses	3,895	884	2,879	5,349	-	1,208,068	-	1,208,068
Office supplies and expenses	61,258	18,297	7,865	13,086	-	1,984,951	-	1,984,951
Travel, conferences and meetings	10,170	158	634	400	-	859,413	-	859,413
Depreciation and amortization	94,632	45,880	29,617	21,827	-	1,917,544	-	1,917,544
Interest	13,046	321	34,369	16,579	281,841	1,492,621	(695,862)	796,759
Other	520	2,169	841	1,092	-	104,999	-	104,999
Total expenses	<u>\$ 453,612</u>	<u>\$ 160,482</u>	<u>\$ 151,348</u>	<u>\$ 176,227</u>	<u>\$ 281,841</u>	<u>\$ 51,463,340</u>	<u>\$ (1,667,433)</u>	<u>\$ 49,795,907</u>

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidating Schedule of Expenses For the Year Ended June 30, 2019

	VOACC	Paca House	Paca Partners	Pratt Street	Irvington Woods	RRC	VOA Hickory Knoll	VOA Butner Morning Glory
Salaries and wages	\$ 24,200,865	\$ 18,240	\$ 156,526	\$ 125,566	\$ 157,663	\$ -	\$ 100,934	\$ 45,269
Employee benefits	3,646,752	3,840	17,846	17,055	30,726	-	26,057	15,719
Professional services	3,545,270	3,870	47,308	76,876	154,061	21,400	51,796	43,938
Occupancy	4,442,536	33,963	180,075	215,578	220,086	-	75,263	55,760
Specific assistance	2,335,348	-	174	127	451	-	-	-
Program supplies and expenses	1,882,731	2,872	3,196	7,521	4,756	-	11,109	5,835
Office supplies and expenses	1,571,322	(29,460)	75,987	31,087	41,981	-	6,520	5,157
Travel, conferences and meetings	1,188,904	77	911	806	415	-	3,745	3,235
Depreciation and amortization	373,125	163,214	68,940	57,564	235,216	347,692	81,063	55,148
Interest	656,176	64,084	(137)	83,745	96,981	508,519	-	-
Other	272,398	110	2,807	-	881	19,137	758	763
Total expenses	\$ 44,115,427	\$ 260,810	\$ 553,633	\$ 615,925	\$ 943,217	\$ 896,748	\$ 357,245	\$ 230,824

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Volunteers of America Chesapeake, Inc., Affiliates, and Subsidiaries D/B/A Volunteers of America Chesapeake & Carolinas, and Affiliates, and Subsidiaries

Consolidating Schedule of Expenses (Continued)
For the Year Ended June 30, 2019

	VOA Durham LIFE House	VOA Durham Maple Court	VOA Olympia	Montford Broad Development	LIFE House Apartments	Total	Eliminations	Consolidated Total
Salaries and wages	\$ 31,012	\$ 134,971	\$ 1,816	\$ 16,541	\$ 28,863	\$ 25,018,266	\$ -	\$ 25,018,266
Employee benefits	8,988	23,644	563	6,374	7,912	3,805,476	-	3,805,476
Professional services	38,654	69,555	2,249	26,293	43,462	4,124,732	(62,681)	4,062,051
Occupancy	46,393	73,887	2,891	24,828	48,786	5,420,046	(887,354)	4,532,692
Specific assistance	-	1,917	-	-	-	2,338,017	-	2,338,017
Program supplies and expenses	10,192	3,154	281	8,341	5,761	1,945,749	-	1,945,749
Office supplies and expenses	5,864	10,200	300	1,006	4,378	1,724,342	-	1,724,342
Travel, conferences and meetings	200	8,951	340	495	1,220	1,209,299	-	1,209,299
Depreciation and amortization	116,460	96,186	4,113	28,975	21,834	1,649,530	-	1,649,530
Interest	54,399	13,439	27	29,095	17,238	1,523,566	(29,790)	1,493,776
Other	1,540	26	50	2,646	3,986	305,102	-	305,102
Total expenses	<u>\$ 313,702</u>	<u>\$ 435,930</u>	<u>\$ 12,630</u>	<u>\$ 144,594</u>	<u>\$ 183,440</u>	<u>\$ 49,064,125</u>	<u>\$ (979,825)</u>	<u>\$ 48,084,300</u>

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