

Volunteers of America Mid-States, Inc. and Affiliates
Consolidated Financial Statements
Years Ended June 30, 2021 and 2020

Volunteers of America Mid-States, Inc. and Affiliates
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Years Ended June 30, 2021 and 2020

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Independent Auditor's Report

To the Board of Directors
Volunteers of America Mid-States, Inc. and Affiliates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Volunteers of America Mid-States, Inc. and Affiliates (the "Organization"), which are comprised of the consolidated statements of financial position as of June 30, 2021 and 2020, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to 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 conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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.

MCM CPAs & Advisors LLP

P 502.749.1900

F 502.749.1930

2600 Meidinger Tower

462 South Fourth Street

Louisville, KY 40202

www.mcmcpa.com

888.587.1719

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Independent Auditor's Report (Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Volunteers of America Mid-States, Inc. and Affiliates as of June 30, 2021 and 2020, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Prior Period Adjustment

As described in Note Q to the financial statements, Volunteers of America Mid-States, Inc. and Affiliates identified misstatements in the June 30, 2020 financial statements related to the recording of certain outside trusts and net assets released from restrictions. Our opinion is not modified with respect to this matter.

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating information as of and for the years ended June 30, 2021 and 2020 is presented for purposes of additional analysis 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 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Louisville, Kentucky
October 28, 2021

Volunteers of America Mid-States, Inc. and Affiliates
Consolidated Statements of Financial Position
June 30, 2021 and 2020

	2021	Restated 2020
Assets		
Current assets		
Cash	\$ 855,561	\$ 890,792
Accounts receivable, net	3,525,775	2,559,936
Pledges receivable, net	949,115	2,041,469
Prepaid expenses and other current assets	198,366	224,629
Total current assets	5,528,817	5,716,826
Property and equipment, net of accumulated depreciation	8,785,654	9,049,960
Other assets		
Investments, restricted	96,908	56,964
Investments	1,890,282	1,482,075
Beneficial interest in trusts	1,196,106	973,997
Restricted deposits and funded reserves	292,580	242,247
Pledges receivable, net	791,353	996,448
Total other assets	4,267,229	3,751,731
Total assets	<u>\$ 18,581,700</u>	<u>\$ 18,518,517</u>
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 374,814	\$ 433,647
Accrued expenses	1,983,013	1,899,760
Other current liabilities	17,814	13,821
Refundable Paycheck Protection Program "(PPP)" loan advance	3,461,600	3,461,600
Current maturities of long-term debt	330,297	312,499
Total current liabilities	6,167,538	6,121,327
Deferred tax liability	351,836	-
Long-term debt, less current maturities	672,726	1,004,679
Total long-term liabilities	1,024,562	1,004,679
Net assets		
Without donor restrictions	7,363,587	7,404,970
With donor restrictions	4,026,013	3,987,541
Total net assets	11,389,600	11,392,511
Total liabilities and net assets	<u>\$ 18,581,700</u>	<u>\$ 18,518,517</u>

See accompanying notes.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidated Statements of Activities and Changes in Net Assets
Year Ended June 30, 2021 and 2020

	2021			Restated 2020		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues						
Support and revenues from operations						
Public support received directly						
Contributions	\$ 2,416,444	\$ 263,891	\$ 2,680,335	\$ 2,423,009	\$ 105,000	\$ 2,528,009
Contributions, in-kind	138,315	-	138,315	171,865	-	171,865
Public support: capital and bequests	114,806	-	114,806	109,158	-	109,158
Special events	387,330	-	387,330	130,840	-	130,840
Public support received indirectly						
United Way allocation	60,452	-	60,452	75,400	-	75,400
Volunteers of America awards and grants	81,487	-	81,487	63,499	-	63,499
Total public support	3,198,834	263,891	3,462,725	2,973,771	105,000	3,078,771
Revenue and grants						
Fee-for-service revenue	12,255,913	-	12,255,913	13,123,524	-	13,123,524
Federal and state grants	12,247,581	179,064	12,426,645	10,006,498	-	10,006,498
Program service fees	3,792,531	-	3,792,531	3,384,794	-	3,384,794
Rental income	397,911	-	397,911	415,837	-	415,837
Miscellaneous revenue	53,423	-	53,423	53,344	-	53,344
Total revenue and grants	28,747,359	179,064	28,926,423	26,983,997	-	26,983,997
Net assets released from restrictions						
Satisfaction of program activities	505,644	(505,644)	-	1,421,311	(1,421,311)	-
Satisfaction of capital improvements	160,892	(160,892)	-	884,883	(884,883)	-
Total support and revenues from operations	32,612,729	(223,581)	32,389,148	32,263,962	(2,201,194)	30,062,768

See accompanying notes.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidated Statements of Activities and Changes in Net Assets (Continued)
Year Ended June 30, 2021 and 2020

	2021			Restated 2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Expenses						
Operating expenses						
Program services						
Fostering independence	\$ 12,984,138	\$ -	\$ 12,984,138	\$ 13,472,139	\$ -	\$ 13,472,139
Promoting self-sufficiency	14,938,146	-	14,938,146	11,911,290	-	11,911,290
Total program services	27,922,284	-	27,922,284	25,383,429	-	25,383,429
Support services and fundraising						
Management and general	4,963,901	-	4,963,901	4,681,282	-	4,681,282
Fundraising	552,345	-	552,345	718,940	-	718,940
Total support services and fundraising	5,516,246	-	5,516,246	5,400,222	-	5,400,222
Total operating expenses	33,438,530	-	33,438,530	30,783,651	-	30,783,651
Change in net assets from operations	(825,801)	(223,581)	(1,049,382)	1,480,311	(2,201,194)	(720,883)
Nonoperating gains (losses) and other income						
Gain on sale of property and equipment	363,370	-	363,370	125,272	-	125,272
Miscellaneous income	-	-	-	254,198	-	254,198
Interest and dividend income	46,858	-	46,858	66,544	-	66,544
Change in beneficial interest in trusts	-	222,109	222,109	-	9,745	9,745
Net realized and unrealized gains (losses) on investments	374,190	39,944	414,134	(91,932)	(2,979)	(94,911)
Nonoperating gains (losses) and other income, net	784,418	262,053	1,046,471	354,082	6,766	360,848
Change in net assets	(41,383)	38,472	(2,911)	1,834,393	(2,194,428)	(360,035)
Net assets, beginning of year, restated (see Note Q)	7,404,970	3,987,541	11,392,511	5,631,640	5,253,669	10,885,309
Transfer from VOA national	-	-	-	(61,063)	928,300	867,237
Net assets, end of year	\$ 7,363,587	\$ 4,026,013	\$ 11,389,600	\$ 7,404,970	\$ 3,987,541	\$ 11,392,511

See accompanying notes.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidated Statement of Functional Expenses
Year Ended June 30, 2021

	Program services			Support services			Total operating expenses
	Fostering independence	Promoting self-sufficiency	Total	Management and general	Fundraising	Total	
Salaries and wages	\$ 8,405,672	\$ 5,741,416	\$ 14,147,088	\$ 2,076,914	\$ 193,335	\$ 2,270,249	\$ 16,417,337
Employee benefits	1,196,351	885,622	2,081,973	345,337	38,558	383,895	2,465,868
Professional services	901,758	1,111,919	2,013,677	1,784,098	129,754	1,913,852	3,927,529
Program supplies and equipment	242,016	571,456	813,472	54,449	45,790	100,239	913,711
Office supplies and expenses	136,299	172,291	308,590	133,552	44,232	177,784	486,374
Occupancy	703,776	967,852	1,671,628	213,974	18,869	232,843	1,904,471
Interest	3,538	-	3,538	43,889	-	43,889	47,427
Travel, conferences and meetings	174,738	143,078	317,816	86,029	29,395	115,424	433,240
Specific assistance	425,953	4,712,277	5,138,230	56,012	52,317	108,329	5,246,559
Other	45,928	623,377	669,305	90,628	95	90,723	760,028
Depreciation and amortization	748,109	8,858	756,967	79,019	-	79,019	835,986
Total functional expenses	<u>\$ 12,984,138</u>	<u>\$ 14,938,146</u>	<u>\$ 27,922,284</u>	<u>\$ 4,963,901</u>	<u>\$ 552,345</u>	<u>\$ 5,516,246</u>	<u>\$ 33,438,530</u>

See accompanying notes.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidated Statement of Functional Expenses
Year Ended June 30, 2020

	Program services			Support services			Total operating expenses
	Fostering independence	Promoting self-sufficiency	Total	Management and general	Fundraising	Total	
Salaries and wages	\$ 8,713,752	\$ 5,024,060	\$ 13,737,812	\$ 1,998,272	\$ 271,442	\$ 2,269,714	\$ 16,007,526
Employee benefits	1,527,200	947,236	2,474,436	157,986	57,090	215,076	2,689,512
Professional services	1,119,073	697,994	1,817,067	1,533,444	47,999	1,581,443	3,398,510
Program supplies and equipment	197,070	564,735	761,805	55,385	26,558	81,943	843,748
Office supplies and expenses	119,825	143,791	263,616	212,704	69,865	282,569	546,185
Occupancy	660,922	867,081	1,528,003	197,475	19,592	217,067	1,745,070
Interest	12,492	10,608	23,100	147,110	-	147,110	170,210
Travel, conferences and meetings	211,164	202,173	413,337	127,871	49,778	177,649	590,986
Specific assistance	235,545	3,105,903	3,341,448	8,871	1,443	10,314	3,351,762
Other	22,652	330,901	353,553	184,463	175,173	359,636	713,189
Depreciation and amortization	652,444	16,808	669,252	57,701	-	57,701	726,953
Total functional expenses	<u>\$ 13,472,139</u>	<u>\$ 11,911,290</u>	<u>\$ 25,383,429</u>	<u>\$ 4,681,282</u>	<u>\$ 718,940</u>	<u>\$ 5,400,222</u>	<u>\$ 30,783,651</u>

See accompanying notes.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Cash flows from operating activities		
Change in net assets	\$ (2,911)	\$ (360,035)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	835,986	726,953
Contributions restricted for long-term purposes	(416,446)	(85,300)
Provision for uncollectible pledges and accounts receivable	568,273	457,744
Realized and unrealized (gain) loss on investments	(414,134)	94,911
Change in beneficial interest in trusts	(222,109)	(9,745)
Gain on sale of property and equipment	(363,370)	(125,272)
Changes in operating assets and liabilities		
Accounts receivable, net	(1,570,745)	37,924
Pledges receivable, net	1,063,190	(440,071)
Prepaid expenses and other current assets	26,263	(25,183)
Accounts payable	(21,201)	181,795
Accrued expenses	83,253	414,258
Other current liabilities	3,993	(159,587)
Refundable Paycheck Protection Program advance	-	3,461,600
Deferred tax liability	351,836	-
Net cash (used in) provided by operating activities	(78,122)	4,169,992
Cash flows from investing activities		
Purchases of property and equipment	(678,565)	(1,111,186)
Proceeds from sale of property and equipment	432,624	192,500
Purchase of investments	(482,281)	(545,367)
Proceeds from sale of investments	448,263	487,577
Cash received in transfer from VOA national	-	57,166
Net cash used in investing activities	(279,959)	(919,310)
Cash flows from financing activities		
Proceeds from contributions restricted for long-term purposes	687,338	411,290
Net activity on line of credit	-	(2,600,000)
Payments on long-term debt	(314,155)	(413,118)
Net cash provided by (used in) financing activities	373,183	(2,601,828)
Increase in cash and cash equivalents	15,102	648,854
Cash, cash equivalents and restricted deposits, beginning of year	1,133,039	484,185
Cash, cash equivalents and restricted deposits, end of year	<u>\$ 1,148,141</u>	<u>\$ 1,133,039</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 47,427	\$ 169,500
Assets, net of cash, and liabilities received from transfer from VOA national	-	810,071
Reconciliation of cash, cash equivalents and restricted cash to the consolidated statements of financial position		
Cash and cash equivalents	\$ 855,561	\$ 890,792
Restricted deposits and funded reserves	292,580	242,247
Total cash, cash equivalents and restricted cash	<u>\$ 1,148,141</u>	<u>\$ 1,133,039</u>

See accompanying notes.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements
Years Ended June 30, 2021 and 2020

Note A - Description of Organization

Volunteers of America Mid-States, Inc. and Affiliates f/k/a Volunteers of America of Kentucky, Inc. and Affiliates (the "Organization") is a nonprofit spiritually based human services organization, incorporated in Kentucky that provides social services within Kentucky, Indiana, Tennessee, and West Virginia under a charter from Volunteers of America, Inc. (the "National Organization"), a national nonprofit spiritually based organization providing local human service programs, and opportunities for individual and community involvement.

The Affiliates consist of VOA Property Corporation of Louisville, Inc., VOA of Northern Kentucky, Inc. and seven HUD-financed properties (see below).

The Organization has the following significant impact areas:

1. Fostering Independence: The Organization 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. Program categories and services are as follows:
 - Disabilities services - residential care
 - Elderly services - service coordination in affordable housing
 - Healthcare services - HIV/AIDS services
 - Housing - disabled and elderly housing
2. Promoting Self-sufficiency: The Organization promotes self-sufficiency for individuals and families who have experienced homelessness or other personal crisis, including chemical dependency, involvement with the corrections system and unemployment. The Organization focuses on solution-oriented approaches using a continuum of services from prevention to intervention to long-term support. Program categories and services are as follows:
 - Correctional services - community sanctions center
 - Homeless services - emergency shelter, eviction prevention, housing placement, supportive services, transitional housing
 - Substance abuse - residential treatment

The Organization operates seven residential properties funded by the U.S. Department of Housing and Urban Development ("HUD"), through a common board of directors and management team.

The seven HUD-financed properties ("Various HUD Properties") include:

- VOAKY Autumn Ridge, Inc.
- VOAKY Bunker Hill Court, Inc.
- VOAKY Hopeful Road, Inc.
- VOAKY Madison Pike, Inc.
- VOAKY Morningside Drive, Inc.
- VOAKY River Road, Inc.
- Nashville Volunteers of America Living Centers, Inc.

These HUD properties were formed to provide housing under programs as defined by the National Housing Act. Their operations are regulated by HUD as to rent charges and operating methods. Each HUD property receives monthly rent subsidies from HUD.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note B - Summary of Significant Accounting Policies

The Organization follows generally accepted accounting principles as outlined in the Financial Accounting Standards Board's Accounting Standards Codification ("ASC"). Significant accounting policies are as follows:

1. Basis of Accounting: The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and as applicable to voluntary health and welfare organizations. The ASC as produced by the Financial Accounting Standards Board ("FASB") is the sole source of authoritative GAAP.

Effective July 1, 2020, the Organization adopted Accounting Standards Codification 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. The standard was applied prospectively as of the effective date with no material impact.

2. Principles of Consolidation: The Organization's consolidated financial statements include the accounts of Volunteers of America ("VOA") Mid-States, Inc., VOA Property Corporation of Louisville, Inc., VOA of Northern Kentucky, Inc., and the Various HUD Properties. All material inter-entity transactions and balances have been eliminated.
3. Use of Estimates: The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.
4. Subsequent Events: Subsequent events for the Organization have been considered through the date of the Independent Auditor's Report, which represents the date the consolidated financial statements were available to be issued.
5. Net Assets: The Organization classifies net assets into two categories: with or without donor/grantor-imposed restrictions. All net assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law.

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions are subject to stipulations by donors and grantors. Some donor restrictions are temporary in nature; those will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature requiring the resources to be maintained in perpetuity but permitting use of all or part of the investment income earned on the contributions. The Organization follows the policy of reporting donor-imposed restricted contributions whose restrictions are met in the same period as received as unrestricted revenue.

6. Operations: The Organization defines operations as all program and supporting service activities undertaken. Support and revenues that result from these activities, and their related expenses, are reported as operations. Gains, losses and other revenue that results from ancillary activities, such as investing liquid assets and disposing of other assets, are reported as non-operating.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note B - Summary of Significant Accounting Policies (Continued)

7. Cash Equivalents: Cash equivalents are all highly liquid investments with a maturity of three months or less when purchased, unless held for reinvestment as part of the investment portfolio, pledged to secure loan agreements or otherwise designated or restricted. The carrying amount approximates fair value because of the short maturity of those instruments. The Organization typically maintains balances with its bank in excess of federally insured limits.
8. Investments: Investments consist primarily of money market, exchange-traded and mutual funds. Investments are carried at fair value, generally determined by quoted market prices. Receipt of donated investments is recorded at the quoted market value of the investment at the time of donation.
9. Accounts Receivable: The Organization reports accounts receivable for services rendered at net realizable amounts from third-party payers, clients and others. An allowance for doubtful accounts is provided based upon review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account. The allowance is \$261,806 and \$824,925 at June 30, 2021 and 2020 respectively.
10. Pledges Receivable: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected after one year are recorded at the present value of their estimated cash flows. The discounts on those amounts are computed using risk free interest rates applicable to the years in which the promises are received.

The Organization provides an allowance for uncollectible pledges based upon the collectability of each specific pledge. The allowance is \$129,572 and \$132,252 at June 30, 2021 and 2020 respectively.

11. Property and Equipment: Land, buildings and equipment purchased by the Organization are recorded at cost. The Organization follows the practice of capitalizing all expenditures for land, buildings and equipment in excess of \$2,500 and with a useful life of at least one year. Repairs and maintenance are expensed as incurred. Donated assets are similarly capitalized using the fair value of the asset as of the date donated. Depreciation expense is computed on the straight-line method based upon the following estimated useful lives of the assets:

Buildings and improvements	7 - 40 years
Furniture and equipment	3 - 10 years
Vehicles	5 years

12. Impairment of Long-lived Assets: The Organization reviews for the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount.

There were no charges for impairment of long-lived assets during 2021 or 2020.

13. Restricted Deposits and Funded Reserves: The Organization receives a security deposit from tenants of HUD-sponsored properties prior to move-in. The Organization has also established replacement reserve accounts and residual receipts accounts for HUD-sponsored properties. Funds are set aside monthly in a replacement reserve for each unit at a rate set by HUD to be used for repairs and maintenance costs in the future. Residual receipts represent funds received by the owner on HUD properties in excess of current costs. Replacement reserves and residual receipts cannot be spent without the approval of HUD.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note B - Summary of Significant Accounting Policies (Continued)

14. Government Grants: Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, could be adjusted.
15. Contributions: Contributions are recorded upon receipt. Contributions in the form of a pledge are recorded upon receipt of pledge documentation. Conditional promises to give are not included as support until such time as the conditions are substantially met.
16. In-kind Contributions: The Organization recognizes revenue and expense for contributed goods and services at the fair value of those goods and services, provided those goods and services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The value of contributed goods and services recognized was \$138,315 and \$171,865 for the years ended June 30, 2021 and 2020, respectively.
17. Revenue Recognition: The Organization generates a portion of its revenue from contributions, which are outside the scope of Topic 606, and cost reimbursement grants. The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Revenues from services billed under Medicaid are recognized on a fee-for-service basis using rates established by the various states' agencies. Although rates are determined prospectively, the regulatory agencies retain the authority to adjust amounts due to the Organization under certain circumstances. Other client service revenues are recorded at rates established by the Organization.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenues from grants based upon contractually agreed-upon rates are recognized in the period in which the services are rendered. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as other current liabilities in the statement of financial position. The Organization received cost-reimbursement grants of approximately \$15,761,000 that have not been recognized at June 30, 2021 because qualifying expenditures have not yet been incurred.

18. Income Taxes: Under provision of Section 501(c)(3) of the Internal Revenue Code as a subordinate unit of the National Organization and the applicable income tax regulations of the state of Kentucky, the Organization is exempt from income taxes, except for net income from unrelated business income. The National Organization 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 material unrelated business activities during the fiscal years ended June 30, 2021 and 2020 and accordingly, no tax expense was incurred during these years.

The Organization recognizes uncertain income tax provisions using the "more-likely-than-not" approach as defined in the ASC. No liability for uncertain income tax positions has been recorded in the accompanying financial statements.

19. Advertising Costs: Advertising costs are expensed as incurred. Advertising expense was \$82,364 and \$127,658 for the years ended June 30, 2021 and 2020 respectively, and is included in office supplies and expenses in the consolidated statements of functional expenses.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note B - Summary of Significant Accounting Policies (Continued)

20. Allocation of Functional Expenses: The costs of providing various program services and supporting activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the community programs, management and general and fundraising expenses on a reasonable basis that is consistently applied. The expenses allocated include occupancy, depreciation and amortization, which are allocated based on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, interest, insurance and other, which are allocated on the basis of estimates of time and effort.
21. Recent Accounting Pronouncements: In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), to improve financial reporting with respect to leasing transactions. ASU No. 2016-02 will require lessees to recognize a lease liability and a right-of-use asset with respect to all leases with terms of greater than twelve months. The lease liability recognized in the statement of financial position will represent the lessee's obligation to make lease payments measured on a discounted basis, while the right-of-use asset will represent the lessee's right to use, or control use of, the underlying asset for the lease term. For leases with a term of twelve months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease asset and lease liabilities. This standard will be effective for the fiscal year ending June 30, 2023.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses*. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the statement of activities will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. The standard will be effective for the fiscal year ending June 30, 2024.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires contributed nonfinancial assets be shown separate from contributions of cash and other financial assets and provides for qualitative disclosure regarding valuation techniques, categories of contributed nonfinancial assets, and their use. This standard will be effective for the year ending June 30, 2022.

The Organization is currently evaluating these ASUs and their related impact on the Organization's consolidated financial statements.

22. Reclassifications: Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation. The reclassifications had no effect on net assets or the change in net assets.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note C - Liquidity and Availability of Resources

The Organization's assets available within one year of the consolidated statement of financial position date for general expenditures as of June 30, 2021 and 2020 are as follows:

	2021	Restated 2020
Cash and cash equivalents	\$ 855,561	\$ 890,792
Accounts receivable	3,525,775	2,559,936
Pledges receivable	1,740,468	3,037,917
Investments	1,987,190	1,539,039
Beneficial interest in trusts	1,196,106	973,997
Restricted deposits and funded reserves	292,580	242,247
	<u>9,597,680</u>	<u>9,243,928</u>
Less amounts not available to be used within one year		
Restricted by donors due to time or purpose	650,343	849,160
HUD capital advances	2,239,897	2,239,897
Restricted deposits and funded reserves	292,580	242,247
Funds held in trust by others in perpetuity	<u>1,135,773</u>	<u>841,520</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,279,087</u>	<u>\$ 5,071,104</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization invests excess cash in short-term investments such as money market accounts. Additionally, the Organization has a \$2,800,000 line of credit available to meet cash flow needs (see Note I).

Note D - Pledges Receivable

Pledges receivable at June 30, 2021 and 2020 consists of the following:

	2021	2020
Pledges receivable	\$ 1,907,778	\$ 3,267,068
Less unamortized discount	37,738	96,899
Less allowance for uncollectible pledges	<u>129,572</u>	<u>132,252</u>
	<u>\$ 1,740,468</u>	<u>\$ 3,037,917</u>
Amounts due in		
Less than one year	\$ 949,115	\$ 2,041,469
One to five years	<u>958,663</u>	<u>1,225,599</u>
	<u>\$ 1,907,778</u>	<u>\$ 3,267,068</u>

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note D - Pledges Receivable (Continued)

Pledges receivable due after one year have been discounted to present value reflecting the time value of money using a discount rates ranging from 0.29% to 3.25%.

Note E - Property and Equipment

Property and equipment at June 30, 2021 and 2020 consists of the following:

	2021	2020
Land	\$ 1,010,897	\$ 1,037,311
Buildings and improvements	11,978,454	11,769,384
Vehicles	2,489,667	2,336,502
Furniture and equipment	3,040,000	2,896,565
Construction in progress	-	108,607
	18,519,018	18,148,369
Less accumulated depreciation	9,733,364	9,098,409
	<u>\$ 8,785,654</u>	<u>\$ 9,049,960</u>

Note F - Investments and Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which the transaction for the asset or liability occurs with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data, such as quoted prices for similar assets or liabilities or model-derived valuations.
- Level 3: Unobservable inputs that are not corroborated by market data. These inputs reflect an organization's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The following is a description of the valuation methodologies for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Money Market Funds: Exchange-traded Funds and Mutual Funds: Valued at the net asset value ("NAV") of shares held by the Organization at year end. The NAV is based on the value of the underlying investment assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

Funds Held in Trust by Others: The underlying assets of the funds are valued at the closing price reported on the active market on which the individual securities are traded, which is estimated to approximate the present value of future cash flows.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note F - Investments and Fair Value Measurements (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2021:

	Investments at fair value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 59,885	\$ -	\$ -	\$ 59,885
Exchange traded funds	355,714	-	-	355,714
Mutual funds	1,359,259	-	-	1,359,259
Funds held by others	-	1,408,438	-	1,408,438
	<u>\$ 1,774,858</u>	<u>\$ 1,408,438</u>	<u>\$ -</u>	<u>\$ 3,183,296</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2020:

	Investments at fair value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total (restated)
Money market funds	\$ 54,613	\$ -	\$ -	\$ 54,613
Exchange traded funds	152,965	-	-	152,965
Mutual funds	1,166,280	-	-	1,166,280
Funds held by others	-	1,139,178	-	1,139,178
	<u>\$ 1,373,858</u>	<u>\$ 1,139,178</u>	<u>\$ -</u>	<u>\$ 2,513,036</u>

Included in investments is \$212,332 and \$165,181 at June 30, 2021 and 2020 respectively, which is invested in a fund at The Community Foundation of Louisville. Terms of the fund allow the Organization to have access to \$115,424 and \$108,217 of these investments at June 30, 2021 and 2020, respectively, with the balance restricted for investment in perpetuity.

Note G - Beneficial Interest in Trusts

Beneficial interest in trusts represents resources neither in the possession nor under the control of the Organization, but held and administered by an outside party, with the Organization deriving income from such funds. The fair value of the Organization's share of assets is reflected in the consolidated statements of financial position and the income, including both initial contributions restricted due to time or in perpetuity and subsequent fair value adjustments, is recorded in the consolidated statements of activities and changes in net assets. Distributions totaling \$36,218 and \$32,898 were received during the years ended June 30, 2021 and 2020, respectively.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note G - Beneficial Interest in Trusts (Continued)

Beneficial interest in trusts consists of the following at June 30, 2021 and 2020:

	2021	2020
Restricted due to time	\$ 157,241	\$ 132,477
Restricted in perpetuity	1,038,865	841,520
	<u>\$ 1,196,106</u>	<u>\$ 973,997</u>

Note H - Refundable Paycheck Protection Program Advance

The Organization received a refundable advance of \$3,461,600 in April 2020 from the SBA Paycheck Protection Program. Under the CARES Act, subject to limitations, as defined, the advance may be partially or fully forgiven, depending on specified actual payroll and other qualified costs for the covered period following receipt of the advance. Any amount not forgiven will be payable in 24 monthly installments of principal and interest at 1% and will be unsecured. The Organization is accounting for the loan proceeds as a conditional contribution in accordance with ASC 958-605. As such, the Organization maintains the conditions will be substantially met when forgiveness notification is received from its bank.

Note I - Line of Credit

The Organization has a line of credit with PNC Bank which provides for borrowings up to \$2,800,000. Outstanding balances bear interest at the daily LIBOR rate plus 2.50% (2.595% at June 30, 2021). The line is secured by real estate and expires December 31, 2021. The outstanding balance on this line of credit is \$0 as of June 30, 2021 and 2020.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note J - Long-term Debt

Long-term debt at June 30, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Note payable to PNC Bank, bearing interest at LIBOR plus 2.50% (2.595% at June 30, 2021) payable in monthly principal and interest installments of \$10,397 through November 2026.	\$ 589,818	\$ 682,167
Term note bearing interest at 5.05% and requires 60 monthly payments of principal and interest of \$13,226 beginning July 2018 with balance due in June 2023. Guaranteed by two affiliates of the Organization.	301,196	440,847
Note payable to the Community Foundation of Louisville, interest rate of 3.50%; payable in monthly principal and interest installments of \$5,458 through October 2022.	85,193	146,532
Mortgage payable to U.S. Department of Housing and Urban Development, interest rate of 9.25%, payable in monthly principal and interest installments of \$2,030 through May 2022.	<u>26,816</u>	<u>47,632</u>
	1,003,023	1,317,178
Less current maturities	<u>330,297</u>	<u>312,499</u>
	<u><u>\$ 672,726</u></u>	<u><u>\$ 1,004,679</u></u>

The mortgages and notes above are collateralized by the various real estate assets and certain equipment of the Organization.

At June 30, 2021, the aggregate annual maturities of principal payments on the notes payable are:

<u>Year ending June 30,</u>	
2022	\$ 330,297
2023	282,120
2024	107,380
2025	121,511
2026	118,900
Thereafter	<u>42,815</u>
	<u><u>\$ 1,003,023</u></u>

Note K - Related Party Transactions

The Organization is affiliated with the National Organization which provides support services to the Organization for a fee. Affiliate fees paid during the years ended June 30, 2021 and 2020 totaled \$571,835 and \$632,010, respectively. Service fees due and payable to the National Organization as of June 30, 2021 and 2020 were \$53,275 and \$83,922, respectively.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note K - Related Party Transactions (Continued)

The Organization contributed \$17,676 and \$7,667 for the years ended June 30, 2021 and 2020 respectively, to fund The Volunteers of America National Pension Plan, the defined benefit pension plan of the National Organization covering all commissioned ministers.

As of June 30, 2021 and 2020, the Organization was due \$89,052 and \$79,729 respectively, from six HUD-financed properties which were formerly managed by the Organization. These amounts are included in accounts receivable on the accompanying consolidated statements of financial position.

On July 1, 2019 the Organization assumed the sponsorship of the Nashville Volunteers of America Living Center, Inc. from the Volunteers of America Inc. As a result, the Organization received assets totaling approximately \$913,000 and assumed liabilities totaling approximately \$46,000 which has been reflected as a transfer in the June 30, 2020 consolidated statement of activities and changes in net assets.

Note L - Retirement Plan

The Organization participates in a defined contribution retirement plan in which only full-time employees can participate. The Organization contributes up to one-half of six percent of employee compensation, up to Internal Revenue Service limits. Plan expense for the years ended June 30, 2021 and 2020 was \$66,420 and \$60,737, respectively.

Note M - Risk Management and Litigation

The Organization is exposed to various risks and losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization currently carries property and general liability insurance to offset these risks.

The Organization is subject to other claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition and ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial statements of the Organization.

Note N - Lease Commitments

The Organization leases properties in Kentucky, Tennessee and Indiana for various group homes, offices, vehicles and equipment with monthly rents ranging from \$40 to \$16,921. These leases expire at various dates through June 30, 2026. The Organization also leases multiple properties on a month-to-month basis. Total lease expense for the years ended June 30, 2021 and 2020 was \$1,169,538 and \$1,190,882, respectively.

The aggregate future minimum lease payments as of June 30, 2021 are as follows:

<u>Year ending June 30,</u>	
2022	\$ 782,529
2023	574,080
2024	412,746
2025	301,728
2026	<u>30,386</u>
	<u><u>\$ 2,101,469</u></u>

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note O - Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2021 and 2020 are as follows:

	2021	2020 (restated)
Subject to time or expenditure for specified purpose		
HUD capital advances	\$ 2,239,897	\$ 2,239,897
Tennessee Department of Transportation	179,064	-
Restorative Justice	150,000	-
Beneficial interest in trust	157,241	132,477
Unity House renovations	80,000	-
Family focused recovery expansion	33,891	-
Education, supplies, bedding	25,374	53,793
Moral injury training	21,848	21,848
Transitional housing - veterans	2,925	2,925
Second street - project	-	-
Outpatient addiction recovery - Kentucky and Clark and Floyd counties in Indiana	-	472,225
Recovery community care center	-	160,892
Shelby Mens Veterans program	-	5,000
Total subject to time or expenditure for specified purpose	2,890,240	3,089,057
Funds held by others in perpetuity		
Community Foundation of Louisville	96,908	56,964
Beneficial interests in trust	1,038,865	841,520
Total funds held by others in perpetuity	1,135,773	898,484
Total net assets with donor restrictions	\$ 4,026,013	\$ 3,987,541

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note O - Net Assets with Donor Restrictions (Continued)

The following entities have capital advances from HUD as of both June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
VOAKY Autumn Ridge, Inc. (Release from restriction in September 2043)	\$ 217,400	\$ 217,400
VOAKY Bunker Hill Court, Inc. (Release from restriction in January 2048)	521,697	521,697
VOAKY Madison Pike, Inc. (Release from restriction in May 2045)	296,600	296,600
VOAKY Morningside Drive, Inc. (Release from restriction in January 2045)	275,900	275,900
Nashville Volunteers of America Living Center, Inc. (Release from restriction in June 2045)	<u>928,300</u>	<u>928,300</u>
	<u>\$ 2,239,897</u>	<u>\$ 2,239,897</u>

These capital advances bear no interest and repayment is not required so long as regulatory requirements are met. The capital advances are collateralized by a mortgage on the related property and are included in net assets with donor restrictions.

Note P - Contingencies

The Organization receives funding from federal and state government agencies, which funds are to be used for designated purposes only. For government agency grants, if the grantor's review indicates that the funds have not been used for the intended purpose, the grantors may request a refund of monies advanced or refuse to reimburse the Organization for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the Organization's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

In addition, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules and regulations of federal and state regulatory agencies, including, but not limited to, the U.S. Department of Health and Human Services, the U.S. Department of Veterans Affairs, and the U.S. Department of Housing and Urban Development. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by various government bodies. Such changes may occur with little or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

In March 2020, the outbreak of the global novel coronavirus disease 2019 ("COVID-19") was declared a United States and global pandemic. The Organization's operations have been generally impacted by the COVID-19 outbreak. Since the situation surrounding the pandemic is on-going, the duration, nature, and extent of the ultimate direct or indirect impact on the Organization's financial condition, liquidity, and/or future results of operations cannot be reasonably estimated at this time.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note Q - Prior Period Adjustment

During the year ended June 30, 2021, the Organization identified misstatements in the prior year's financial statements. The Organization determined that it was the beneficiary of three outside trusts for which it had not recorded a beneficial interest. The value of these trusts as of July 1, 2019 was \$964,252 and increased beginning net assets with donor restrictions in perpetuity by \$831,070 and beginning net assets with donor restrictions due to time by \$133,182. In addition, the Organization identified \$834,413 of net assets with donor restrictions that should have been released during the year ended June 30, 2020.

The effect on the June 30, 2020 consolidated financial statements as a result of the prior period adjustments is as follows:

	Originally reported	Adjustment	Restated
Net assets with donor restrictions, 7/1/19	\$ 4,289,417	\$ 964,252	\$ 5,253,669
Beneficial interest in perpetual trusts	-	973,997	973,997
Satisfaction of program activities, net assets without donor restrictions	696,923	724,388	1,421,311
Satisfaction of program activities, net assets with donor restrictions	(696,923)	(724,388)	(1,421,311)
Satisfaction of capital improvements, net assets without donor restrictions	774,858	110,025	884,883
Satisfaction of capital improvements, net assets with donor restrictions	(774,858)	(110,025)	(884,883)
Change in beneficial interests in trust, net assets with donor restrictions	-	9,745	9,745
Net assets without donor restrictions, 6/30/20	6,570,557	834,413	7,404,970
Net assets with donor restrictions, 6/30/20	3,847,957	139,584	3,987,541

Supplementary Information

Volunteers of America Mid-States, Inc. and Affiliates
Consolidating Statement of Financial Position
Year Ended June 30, 2021

	VOA Mid-States, Inc.	VOA Property Corporation of Louisville, Inc.	VOA of Northern Kentucky, Inc.	Various HUD Properties	Elimination	Consolidated totals
Assets						
Current assets						
Cash and cash equivalents	\$ 727,597	\$ 2,895	\$ 18,929	\$ 106,140	\$ -	\$ 855,561
Accounts receivable, net	3,289,424	1,577	857,933	316	(623,475)	3,525,775
Pledges receivable, net	949,115	-	-	-	-	949,115
Prepaid expenses and other current assets	3,550,800	33,058	114,328	-	(3,499,820)	198,366
Total current assets	8,516,936	37,530	991,190	106,456	(4,123,295)	5,528,817
Property and equipment						
Land and buildings	595,277	9,673,929	-	2,720,145	-	12,989,351
Furniture and equipment	1,710,830	3,767,698	37,927	13,212	-	5,529,667
Less accumulated depreciation	1,838,561	7,070,994	14,675	809,134	-	9,733,364
Total property and equipment	467,546	6,370,633	23,252	1,924,223	-	8,785,654
Other assets						
Investments, restricted	96,908	-	-	-	-	96,908
Investments	1,890,282	-	-	-	-	1,890,282
Beneficial interest in trusts	1,196,106	-	-	-	-	1,196,106
Restricted deposits and funded reserves	-	-	-	292,580	-	292,580
Pledges receivable, net	791,353	-	-	-	-	791,353
Total other assets	3,974,649	-	-	292,580	-	4,267,229
Total assets	<u>\$ 12,959,131</u>	<u>\$ 6,408,163</u>	<u>\$ 1,014,442</u>	<u>\$ 2,323,259</u>	<u>\$ (4,123,295)</u>	<u>\$ 18,581,700</u>

See independent auditor's report.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidating Statement of Financial Position (Continued)
Year Ended June 30, 2021

	VOA Mid-States, Inc.	VOA Property Corporation of Louisville, Inc.	VOA of Northern Kentucky, Inc.	Various HUD Properties	Elimination	Consolidated totals
Liabilities and net assets						
Current liabilities						
Accounts payable	\$ 886,014	\$ 3,499,808	\$ 14,158	\$ 98,129	\$ (4,123,295)	\$ 374,814
Accrued expenses	1,906,191	-	23,391	53,431	-	1,983,013
Other current liabilities	9,593	-	8,221	-	-	17,814
Refundable Paycheck Protection Program advance	3,461,600	-	-	-	-	3,461,600
Current maturities of long-term debt	307,470	-	-	22,827	-	330,297
Total current liabilities	6,570,868	3,499,808	45,770	174,387	(4,123,295)	6,167,538
Deferred tax liability	351,836	-	-	-	-	351,836
Long-term debt, less current maturities	668,737	-	-	3,989	-	672,726
Total long-term liabilities	1,020,573	-	-	3,989	-	1,024,562
Net assets						
Without donor restrictions	3,581,574	2,908,355	968,672	(95,014)	-	7,363,587
With donor restrictions	1,786,116	-	-	2,239,897	-	4,026,013
Total net assets	5,367,690	2,908,355	968,672	2,144,883	-	11,389,600
Total liabilities and net assets	\$ 12,959,131	\$ 6,408,163	\$ 1,014,442	\$ 2,323,259	\$ (4,123,295)	\$ 18,581,700

See independent auditor's report.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidating Statement of Financial Position
Year Ended June 30, 2020

	Restated					
	VOA Mid-States, Inc.	VOA Property Corporation of Louisville, Inc.	VOA of Northern Kentucky, Inc.	Various HUD Properties	Elimination	Consolidated totals
Assets						
Current assets						
Cash and cash equivalents	\$ 761,632	\$ 16,237	\$ 20,301	\$ 92,622	\$ -	\$ 890,792
Accounts receivable, net	2,413,624	4,217	968,072	2,998	(828,975)	2,559,936
Pledges receivable, net	2,041,469	-	-	-	-	2,041,469
Prepaid expenses and other current assets	3,916,069	13,162	66,725	-	(3,771,327)	224,629
Total current assets	9,132,794	33,616	1,055,098	95,620	(4,600,302)	5,716,826
Property and equipment						
Land and buildings	595,777	9,599,380	-	2,720,145	-	12,915,302
Furniture and equipment	1,459,189	3,752,634	8,032	13,212	-	5,233,067
Less accumulated depreciation	1,750,685	6,600,752	8,032	738,940	-	9,098,409
Total property and equipment	304,281	6,751,262	-	1,994,417	-	9,049,960
Other assets						
Investments, restricted	56,964	-	-	-	-	56,964
Investments	1,482,075	-	-	-	-	1,482,075
Beneficial interest in trusts	973,997	-	-	-	-	973,997
Restricted deposits and funded reserves	-	-	-	242,247	-	242,247
Pledges receivable, net	996,448	-	-	-	-	996,448
Total other assets	3,509,484	-	-	242,247	-	3,751,731
Total assets	<u>\$ 12,946,559</u>	<u>\$ 6,784,878</u>	<u>\$ 1,055,098</u>	<u>\$ 2,332,284</u>	<u>\$ (4,600,302)</u>	<u>\$ 18,518,517</u>

See independent auditor's report.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidating Statement of Activities and Changes in Net Assets
Year Ended June 30, 2021

	<u>VOA Mid-States, Inc.</u>	<u>VOA Property Corporation of Louisville, Inc.</u>	<u>VOA of Northern Kentucky, Inc.</u>	<u>Various HUD Properties</u>	<u>Elimination</u>	<u>Consolidated totals</u>
Net assets without donor restrictions						
Revenues						
Support and revenues from operations						
Public support received directly						
Contributions	\$ 2,416,444	\$ -	\$ -	\$ -	\$ -	\$ 2,416,444
Contributions, in-kind	133,815	4,500	-	-	-	138,315
Public support: capital and bequests	114,806	-	-	-	-	114,806
Special events	387,330	-	-	-	-	387,330
Public support received indirectly						
United Way allocation	37	-	60,415	-	-	60,452
Volunteers of America awards and grants	81,487	-	-	-	-	81,487
	<u>3,133,919</u>	<u>4,500</u>	<u>60,415</u>	<u>-</u>	<u>-</u>	<u>3,198,834</u>
Total public support	3,133,919	4,500	60,415	-	-	3,198,834
Revenue and grants						
Fee for service revenue	10,244,958	-	2,010,955	-	-	12,255,913
Federal and state grants	12,198,328	-	49,253	-	-	12,247,581
Program service fees	3,706,067	396,848	103,605	-	(413,989)	3,792,531
Rental income	16,200	95,512	-	381,711	(95,512)	397,911
Miscellaneous revenue	3,456,762	-	-	-	(3,403,339)	53,423
	<u>29,622,315</u>	<u>492,360</u>	<u>2,163,813</u>	<u>381,711</u>	<u>(3,912,840)</u>	<u>28,747,359</u>
Total revenue and grants	29,622,315	492,360	2,163,813	381,711	(3,912,840)	28,747,359
Net assets released from restrictions						
Satisfaction of program activities	505,644	-	-	-	-	505,644
Satisfaction of capital improvements	160,892	-	-	-	-	160,892
	<u>666,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>666,536</u>
Total support and revenues from operations	<u>\$ 33,422,770</u>	<u>\$ 496,860</u>	<u>\$ 2,224,228</u>	<u>\$ 381,711</u>	<u>\$ (3,912,840)</u>	<u>\$ 32,612,729</u>

See independent auditor's report.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidating Statement of Activities and Changes in Net Assets
Year Ended June 30, 2021

	VOA Mid-States, Inc.	VOA Property Corporation of Louisville, Inc.	VOA of Northern Kentucky, Inc.	Various HUD Properties	Elimination	Consolidated totals
Net assets without donor restrictions						
Revenues						
Support and revenues from operations						
Public support received directly						
Contributions	\$ 2,416,444	\$ -	\$ -	\$ -	\$ -	\$ 2,416,444
Contributions, in-kind	133,815	4,500	-	-	-	138,315
Public support: capital and bequests	114,806	-	-	-	-	114,806
Special events	387,330	-	-	-	-	387,330
Public support received indirectly						
United Way allocation	37	-	60,415	-	-	60,452
Volunteers of America awards and grants	81,487	-	-	-	-	81,487
Total public support	3,133,919	4,500	60,415	-	-	3,198,834
Revenue and grants						
Fee for service revenue	10,244,958	-	2,010,955	-	-	12,255,913
Federal and state grants	12,198,328	-	49,253	-	-	12,247,581
Program service fees	3,706,067	396,848	103,605	-	(413,989)	3,792,531
Rental income	16,200	95,512	-	381,711	(95,512)	397,911
Miscellaneous revenue	3,456,762	-	-	-	(3,403,339)	53,423
Total revenue and grants	29,622,315	492,360	2,163,813	381,711	(3,912,840)	28,747,359
Net assets released from restrictions						
Satisfaction of program activities	505,644	-	-	-	-	505,644
Satisfaction of capital improvements	160,892	-	-	-	-	160,892
Total support and revenues from operations	<u>\$ 33,422,770</u>	<u>\$ 496,860</u>	<u>\$ 2,224,228</u>	<u>\$ 381,711</u>	<u>\$ (3,912,840)</u>	<u>\$ 32,612,729</u>

See independent auditor's report.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidating Statement of Activities and Changes in Net Assets (Continued)
Year Ended June 30, 2021

	VOA Mid-States, Inc.	VOA Property Corporation of Louisville, Inc.	VOA of Northern Kentucky, Inc.	Various HUD Properties	Elimination	Consolidated totals
Expenses						
Operating expenses						
Program services						
Fostering independence	\$ 11,341,885	959,791	\$ 2,270,250	\$ 377,067	\$ (1,964,855)	\$ 12,984,138
Promoting self-sufficiency	16,886,131	-	-	-	(1,947,985)	14,938,146
Total program services	28,228,016	959,791	2,270,250	377,067	(3,912,840)	27,922,284
Support services and fundraising						
Management and general	4,963,901	-	-	-	-	4,963,901
Fundraising	552,345	-	-	-	-	552,345
Total support services and fundraising	5,516,246	-	-	-	-	5,516,246
Total operating expenses	33,744,262	959,791	2,270,250	377,067	(3,912,840)	33,438,530
Increase (decrease) in net assets from operations	(321,492)	(462,931)	(46,022)	4,644	-	(825,801)
Nonoperating gains (losses) and other income (expense)						
Gain on sale of property and equipment	-	363,370	-	-	-	363,370
Interest and dividend income	46,858	-	-	-	-	46,858
Net realized and unrealized gain on investments	374,190	-	-	-	-	374,190
Nonoperating gains and other income, net	421,048	363,370	-	-	-	784,418
Change in net assets without donor restrictions	99,556	(99,561)	(46,022)	4,644	-	(41,383)
Net assets with donor restrictions						
Contributions	263,891	-	-	-	-	263,891
Federal and state grants	179,064	-	-	-	-	179,064
Net realized and unrealized gain on investments	39,944	-	-	-	-	39,944
Change in beneficial interest in trusts	222,109	-	-	-	-	222,109
Net assets released from restriction						
Satisfaction of program activities	(505,644)	-	-	-	-	(505,644)
Satisfaction of capital improvements	(160,892)	-	-	-	-	(160,892)
Change in net assets with donor restrictions	38,472	-	-	-	-	38,472
Change in net assets	138,028	(99,561)	(46,022)	4,644	-	(2,911)
Net assets, beginning of year (restated)	5,229,662	3,007,916	1,014,694	2,140,239	-	11,392,511
Net assets, end of year	\$ 5,367,690	\$ 2,908,355	\$ 968,672	\$ 2,144,883	\$ -	\$ 11,389,600

See independent auditor's report.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidating Statement of Activities and Changes in Net Assets (Continued)
Year Ended June 30, 2020

	Restated					
	VOA Mid-States, Inc.	VOA Property Corporation of Louisville, Inc.	VOA of Northern Kentucky, Inc.	Various HUD Properties	Elimination	Consolidated totals
Expenses						
Operating expenses						
Program services						
Fostering independence	\$ 11,920,286	\$ 813,599	\$ 2,196,787	\$ 415,989	\$ (1,874,522)	\$ 13,472,139
Promoting self-sufficiency	13,408,373	-	-	-	(1,497,083)	11,911,290
Total program services	25,328,659	813,599	2,196,787	415,989	(3,371,605)	25,383,429
Support services and fundraising						
Management and general	4,681,282	-	-	-	-	4,681,282
Fundraising	718,940	-	-	-	-	718,940
Total support services and fundraising	5,400,222	-	-	-	-	5,400,222
Total operating expenses	30,728,881	813,599	2,196,787	415,989	(3,371,605)	30,783,651
Increase (decrease) in net assets from operations	1,684,265	(217,528)	62,374	(48,800)	-	1,480,311
Nonoperating gains (losses) and other income (expense)						
Gain on sale of property and equipment	-	125,272	-	-	-	125,272
Miscellaneous income	254,198	-	-	-	-	254,198
Interest and dividend income	66,544	-	-	-	-	66,544
Net realized and unrealized loss on investments	(91,932)	-	-	-	-	(91,932)
Nonoperating gains and other income, net	228,810	125,272	-	-	-	354,082
Change in net assets without donor restrictions	1,913,075	(92,256)	62,374	(48,800)	-	1,834,393
Net assets with donor restrictions						
Contributions	105,000	-	-	-	-	105,000
Public support: capital and bequests	-	-	-	-	-	-
Federal and state grants	-	-	-	-	-	-
Net realized and unrealized loss on investments	(2,979)	-	-	-	-	(2,979)
Change in beneficial interests in trust	9,745	-	-	-	-	9,745
Net assets released from restriction,						
Satisfaction of program activities	(1,421,311)	-	-	-	-	(1,421,311)
Satisfaction of capital improvements	(884,883)	-	-	-	-	(884,883)
Change in net assets with donor restrictions	(2,194,428)	-	-	-	-	(2,194,428)
Change in net assets	(281,353)	(92,256)	62,374	(48,800)	-	(360,035)
Net assets, beginning of year, restated	5,511,015	3,100,172	952,320	1,321,802	-	10,885,309
Transfer from VOA National	-	-	-	867,237	-	867,237
Net assets, end of year	\$ 5,229,662	\$ 3,007,916	\$ 1,014,694	\$ 2,140,239	\$ -	\$ 11,392,511

See independent auditor's report.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidating Statement of Activities and Changes in Net Assets (Continued)
Year Ended June 30, 2020

	Restated					
	VOA Mid-States, Inc.	VOA Property Corporation of Louisville, Inc.	VOA of Northern Kentucky, Inc.	Various HUD Properties	Elimination	Consolidated totals
Expenses						
Operating expenses						
Program services						
Fostering independence	\$ 11,920,286	\$ 813,599	\$ 2,196,787	\$ 415,989	\$ (1,874,522)	\$ 13,472,139
Promoting self-sufficiency	13,408,373	-	-	-	(1,497,083)	11,911,290
Total program services	25,328,659	813,599	2,196,787	415,989	(3,371,605)	25,383,429
Support services and fundraising						
Management and general	4,681,282	-	-	-	-	4,681,282
Fundraising	718,940	-	-	-	-	718,940
Total support services and fundraising	5,400,222	-	-	-	-	5,400,222
Total operating expenses	30,728,881	813,599	2,196,787	415,989	(3,371,605)	30,783,651
Increase (decrease) in net assets from operations	1,684,265	(217,528)	62,374	(48,800)	-	1,480,311
Nonoperating gains (losses) and other income (expense)						
Gain on sale of property and equipment	-	125,272	-	-	-	125,272
Miscellaneous income	254,198	-	-	-	-	254,198
Interest and dividend income	66,544	-	-	-	-	66,544
Net realized and unrealized loss on investments	(91,932)	-	-	-	-	(91,932)
Nonoperating gains and other income, net	228,810	125,272	-	-	-	354,082
Change in net assets without donor restrictions	1,913,075	(92,256)	62,374	(48,800)	-	1,834,393
Net assets with donor restrictions						
Contributions	105,000	-	-	-	-	105,000
Public support: capital and bequests	-	-	-	-	-	-
Federal and state grants	-	-	-	-	-	-
Net realized and unrealized loss on investments	(2,979)	-	-	-	-	(2,979)
Change in beneficial interests in trust	9,745	-	-	-	-	9,745
Net assets released from restriction,						
Satisfaction of program activities	(1,421,311)	-	-	-	-	(1,421,311)
Satisfaction of capital improvements	(884,883)	-	-	-	-	(884,883)
Change in net assets with donor restrictions	(2,194,428)	-	-	-	-	(2,194,428)
Change in net assets	(281,353)	(92,256)	62,374	(48,800)	-	(360,035)
Net assets, beginning of year, restated	5,511,015	3,100,172	952,320	1,321,802	-	10,885,309
Transfer from VOA National	-	-	-	867,237	-	867,237
Net assets, end of year	\$ 5,229,662	\$ 3,007,916	\$ 1,014,694	\$ 2,140,239	\$ -	\$ 11,392,511

See independent auditor's report.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidating Statement of Cash Flows
Year Ended June 30, 2021

	VOA Mid-States, Inc.	VOA Property Corporation of Louisville, Inc.	VOA of Northern Kentucky, Inc.	Various HUD Properties	Elimination	Consolidated totals
Cash flows from operating activities						
Change in net assets	\$ 138,028	\$ (99,561)	\$ (46,022)	\$ 4,644	\$ -	\$ (2,911)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities						
Depreciation and amortization	87,877	671,272	6,643	70,194	-	835,986
Contributions restricted for long-term purposes	(416,446)	-	-	-	-	(416,446)
Provision for uncollectible pledges and accounts receivable	568,273	-	-	-	-	568,273
Realized and unrealized loss on investments	(414,134)	-	-	-	-	(414,134)
Change in beneficial interest in trusts	(222,109)	-	-	-	-	(222,109)
Gain on sale of real estate	-	(363,370)	-	-	-	(363,370)
Change in						
Accounts receivable, net	(1,480,706)	2,640	110,139	2,682	(205,500)	(1,570,745)
Pledges receivable, net	1,063,190	-	-	-	-	1,063,190
Prepaid expenses and other current assets	365,269	(19,896)	(47,603)	-	(271,507)	26,263
Accounts payable	(222,687)	(271,517)	(1,239)	(2,765)	477,007	(21,201)
Accrued expenses	66,773	-	6,568	9,912	-	83,253
Other current liabilities	9,593	(5,637)	37	-	-	3,993
Deferred tax liability	351,836	-	-	-	-	351,836
Net cash (used in) provided by operating activities	(105,243)	(86,069)	28,523	84,667	-	(78,122)
Cash flows from investing activities						
Purchases of property and equipment	(288,773)	(359,897)	(29,895)	-	-	(678,565)
Proceeds from sale of property and equipment	-	432,624	-	-	-	432,624
Purchase of investments	(482,281)	-	-	-	-	(482,281)
Proceeds from sale of investments	448,263	-	-	-	-	448,263
Cash received in transfer from VOA national	-	-	-	-	-	-
Net cash (used in) provided by investing activities	(322,791)	72,727	(29,895)	-	-	(279,959)
Cash flows from financing activities						
Proceeds from contributions restricted for long-term purposes	687,338	-	-	-	-	687,338
Payments on long-term debt	(293,339)	-	-	(20,816)	-	(314,155)
Net cash provided by (used in) financing activities	393,999	-	-	(20,816)	-	373,183
Net (decrease) increase in cash and cash equivalents	(34,035)	(13,342)	(1,372)	63,851	-	15,102
Cash, cash equivalents, and restricted deposits, beginning of year	761,632	16,237	20,301	334,869	-	1,133,039
Cash, cash equivalents, and restricted deposits, end of year	\$ 727,597	\$ 2,895	\$ 18,929	\$ 398,720	\$ -	\$ 1,148,141

See independent auditor's report.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidating Statement of Cash Flows
Year Ended June 30, 2020

	Restated					
	VOA Mid-States, Inc.	VOA Property Corporation of Louisville, Inc.	VOA of Northern Kentucky, Inc.	Various HUD Properties	Elimination	Consolidated totals
Cash flows from operating activities						
Change in net assets	\$ (281,353)	\$ (92,256)	\$ 62,374	\$ (48,800)	\$ -	\$ (360,035)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities						
Depreciation and amortization	74,896	581,602	-	70,455	-	726,953
Contributions restricted for long-term purposes	(85,300)	-	-	-	-	(85,300)
Provision for uncollectible pledges receivable	457,744	-	-	-	-	457,744
Realized and unrealized gain on investments	94,911	-	-	-	-	94,911
Change in beneficial interest in trusts	(9,745)	-	-	-	-	(9,745)
Gain on sale of real estate	-	(125,272)	-	-	-	(125,272)
Change in						
Accounts receivable, net	35,588	6,105	(16,048)	(1,290)	13,569	37,924
Pledges receivable, net	(440,071)	-	-	-	-	(440,071)
Prepaid expenses and other current assets	(570,233)	(2,080)	(75)	8,999	538,206	(25,183)
Accounts payable	117,553	598,938	2,043	15,036	(551,775)	181,795
Accrued expenses	462,353	-	(48,095)	-	-	414,258
Other current liabilities	(67,268)	(89,391)	(2,928)	-	-	(159,587)
Refundable Payroll Protection Program advance	3,461,600	-	-	-	-	3,461,600
Net cash provided by (used in) operating activities	3,250,675	877,646	(2,729)	44,400	-	4,169,992
Cash flows from investing activities						
Purchases of property and equipment	(68,670)	(1,042,516)	-	-	-	(1,111,186)
Proceeds from sale of property and equipment	-	192,500	-	-	-	192,500
Purchase of investments	(545,367)	-	-	-	-	(545,367)
Proceeds from sale of investments	487,577	-	-	-	-	487,577
Cash received in transfer from VOA National	-	-	-	57,166	-	57,166
Net cash (used in) provided by investing activities	(126,460)	(850,016)	-	57,166	-	(919,310)
Cash flows from financing activities						
Proceeds from contributions restricted for long-term purposes	411,290	-	-	-	-	411,290
Net activity on lines of credit	(2,600,000)	-	-	-	-	(2,600,000)
Payments on long-term debt	(358,186)	(34,510)	-	(20,422)	-	(413,118)
Net cash used in financing activities	(2,546,896)	(34,510)	-	(20,422)	-	(2,601,828)
Net increase (decrease) in cash and cash equivalents	577,319	(6,880)	(2,729)	81,144	-	648,854
Cash, cash equivalents, and restricted deposits, beginning of year	184,313	23,117	23,030	253,725	-	484,185
Cash, cash equivalents, and restricted deposits, end of year	\$ 761,632	\$ 16,237	\$ 20,301	\$ 334,869	\$ -	\$ 1,133,039

See independent auditor's report.