

Volunteers of America Mid-States, Inc. and Affiliates
Consolidated Financial Statements
Years Ended June 30, 2022 and 2021

Volunteers of America Mid-States, Inc. and Affiliates
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Years Ended June 30, 2022 and 2021

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Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Volunteers of America Mid-States, Inc. and Affiliates (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and 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 the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Volunteers of America Mid-States, Inc. and Affiliates as of June 30, 2022 and 2021, and the change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Volunteers of America Mid-States, Inc. and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Volunteers of America Mid-States, Inc. and Affiliates' ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information 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 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
November 1, 2022

Volunteers of America Mid-States, Inc. and Affiliates
Consolidated Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash	\$ 995,043	\$ 855,561
Accounts receivable, net	3,416,005	3,525,775
Pledges receivable, net	1,016,307	949,115
Prepaid expenses and other current assets	<u>206,672</u>	<u>198,366</u>
Total current assets	5,634,027	5,528,817
Property and equipment, net of accumulated depreciation	8,578,873	8,785,654
Other assets		
Investments, restricted	57,027	96,908
Investments	1,612,450	1,890,282
Beneficial interest in trusts	1,645,252	1,196,106
Restricted deposits and funded reserves	330,463	292,580
Pledges receivable, net	<u>1,141,127</u>	<u>791,353</u>
Total other assets	<u>4,786,319</u>	<u>4,267,229</u>
Total assets	<u><u>\$ 18,999,219</u></u>	<u><u>\$ 18,581,700</u></u>
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 987,861	\$ 374,814
Accrued expenses	1,865,751	1,983,013
Other current liabilities	7,565	17,814
Refundable Paycheck Protection Program ("PPP") loan advance	-	3,461,600
Current maturities of long-term debt	<u>282,164</u>	<u>330,297</u>
Total current liabilities	3,143,341	6,167,538
Deferred tax liability	-	351,836
Long-term debt, less current maturities	<u>390,558</u>	<u>672,726</u>
Total long-term liabilities	390,558	1,024,562
Net assets		
Without donor restrictions	9,855,834	7,363,587
With donor restrictions	<u>5,609,486</u>	<u>4,026,013</u>
Total net assets	<u>15,465,320</u>	<u>11,389,600</u>
Total liabilities and net assets	<u><u>\$ 18,999,219</u></u>	<u><u>\$ 18,581,700</u></u>

See accompanying notes.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidated Statements of Activities and Changes in Net Assets
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues						
Support and revenues from operations						
Public support received directly						
Contributions	\$ 1,857,201	\$ 1,570,557	\$ 3,427,758	\$ 2,416,444	\$ 263,891	\$ 2,680,335
Contributions, in-kind	249,022	-	249,022	138,315	-	138,315
Public support: capital and bequests	122,629	-	122,629	114,806	-	114,806
Special events	633,720	-	633,720	387,330	-	387,330
Public support received indirectly						
United Way allocation	61,873	-	61,873	60,452	-	60,452
Volunteers of America awards and grants	213,119	-	213,119	81,487	-	81,487
Total public support	3,137,564	1,570,557	4,708,121	3,198,834	263,891	3,462,725
Revenue and grants						
Fee-for-service revenue	13,050,170	-	13,050,170	12,255,913	-	12,255,913
Federal and state grants	15,276,108	88,947	15,365,055	12,247,581	179,064	12,426,645
Program service fees	5,671,188	-	5,671,188	3,792,531	-	3,792,531
Rental income	369,379	-	369,379	397,911	-	397,911
Miscellaneous revenue	31,877	-	31,877	53,423	-	53,423
Total revenue and grants	34,398,722	88,947	34,487,669	28,747,359	179,064	28,926,423
Net assets released from restrictions						
Satisfaction of program activities	305,408	(305,408)	-	505,644	(505,644)	-
Satisfaction of capital improvements	179,889	(179,889)	-	160,892	(160,892)	-
Total support and revenues from operations	38,021,583	1,174,207	39,195,790	32,612,729	(223,581)	32,389,148

See accompanying notes.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidated Statements of Activities and Changes in Net Assets (Continued)
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Expenses						
Operating expenses						
Program services						
Fostering independence	\$ 14,069,403	\$ -	\$ 14,069,403	\$ 12,984,138	\$ -	\$ 12,984,138
Promoting self-sufficiency	14,487,840	-	14,487,840	14,938,146	-	14,938,146
Total program services	28,557,243	-	28,557,243	27,922,284	-	27,922,284
Support services and fundraising						
Management and general	5,990,138	-	5,990,138	4,963,901	-	4,963,901
Fundraising	719,997	-	719,997	552,345	-	552,345
Total support services and fundraising	6,710,135	-	6,710,135	5,516,246	-	5,516,246
Total operating expenses	35,267,378	-	35,267,378	33,438,530	-	33,438,530
Change in net assets from operations	2,754,205	1,174,207	3,928,412	(825,801)	(223,581)	(1,049,382)
Nonoperating (losses) gains and other income, net						
Gain on sale of property and equipment	5,300	-	5,300	363,370	-	363,370
Interest and dividend income	98,161	-	98,161	46,858	-	46,858
Change in beneficial interest in trusts	-	449,146	449,146	-	222,109	222,109
Net realized and unrealized (losses) gains on investments	(365,419)	(39,880)	(405,299)	374,190	39,944	414,134
Nonoperating (losses) gains and other income, net	(261,958)	409,266	147,308	784,418	262,053	1,046,471
Change in net assets	2,492,247	1,583,473	4,075,720	(41,383)	38,472	(2,911)
Net assets, beginning of year	7,363,587	4,026,013	11,389,600	7,404,970	3,987,541	11,392,511
Net assets, end of year	<u>\$ 9,855,834</u>	<u>\$ 5,609,486</u>	<u>\$ 15,465,320</u>	<u>\$ 7,363,587</u>	<u>\$ 4,026,013</u>	<u>\$ 11,389,600</u>

See accompanying notes.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	Program services			Support services			Total operating expenses
	Fostering independence	Promoting self-sufficiency	Total	Management and general	Fundraising	Total	
Salaries and wages	\$ 9,371,833	\$ 6,754,403	\$ 16,126,236	\$ 2,362,208	\$ 182,883	\$ 2,545,091	\$ 18,671,327
Employee benefits	1,187,818	912,611	2,100,429	389,387	41,641	431,028	2,531,457
Professional services	858,196	1,439,388	2,297,584	2,093,073	48,225	2,141,298	4,438,882
Program supplies and equipment	225,725	608,087	833,812	73,051	5,941	78,992	912,804
Office supplies and expenses	134,869	298,751	433,620	277,538	63,225	340,763	774,383
Occupancy	859,882	1,025,785	1,885,667	229,000	18,974	247,974	2,133,641
Interest	1,035	-	1,035	34,407	-	34,407	35,442
Travel, conferences and meetings	295,333	314,626	609,959	166,633	8,962	175,595	785,554
Specific assistance	335,645	2,810,377	3,146,022	200,446	31,455	231,901	3,377,923
Other	102,670	317,672	420,342	55,895	318,691	374,586	794,928
Depreciation and amortization	696,397	6,140	702,537	108,500	-	108,500	811,037
Total functional expenses	<u>\$ 14,069,403</u>	<u>\$ 14,487,840</u>	<u>\$ 28,557,243</u>	<u>\$ 5,990,138</u>	<u>\$ 719,997</u>	<u>\$ 6,710,135</u>	<u>\$ 35,267,378</u>

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 Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 4,075,720	\$ (2,911)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	811,037	835,986
Contributions restricted for long-term purposes	(1,099,105)	(416,446)
Provision for uncollectible pledges and accounts receivable	388,611	568,273
Forgiveness of PPP loan	(3,461,600)	-
Realized and unrealized loss (gain) on investments	405,299	(414,134)
Change in beneficial interest in trusts	(449,146)	(222,109)
Gain on sale of property and equipment	(5,300)	(363,370)
Changes in operating assets and liabilities		
Accounts receivable, net	(178,517)	(1,570,745)
Pledges receivable, net	96,710	1,063,190
Prepaid expenses and other current assets	(8,306)	26,263
Accounts payable	650,679	(21,201)
Accrued expenses	(117,262)	83,253
Other current liabilities	(10,249)	3,993
Deferred tax liability	(351,836)	351,836
Net cash provided by (used in) operating activities	746,735	(78,122)
Cash flows from investing activities		
Purchases of property and equipment	(641,887)	(678,565)
Proceeds from sale of property and equipment	5,300	432,624
Purchase of investments	(341,226)	(482,281)
Proceeds from sale of investments	253,639	448,263
Net cash used in investing activities	(724,174)	(279,959)
Cash flows from financing activities		
Proceeds from contributions restricted for long-term purposes	485,105	687,338
Payments on long-term debt	(330,301)	(314,155)
Net cash provided by financing activities	154,804	373,183
Increase in cash and cash equivalents and restricted cash	177,365	15,102
Cash, cash equivalents and restricted cash, beginning of year	1,148,141	1,133,039
Cash, cash equivalents and restricted cash, end of year	<u>\$ 1,325,506</u>	<u>\$ 1,148,141</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 35,936	\$ 47,427
Reconciliation of cash, cash equivalents and restricted cash to the consolidated statements of financial position		
Cash and cash equivalents	\$ 995,043	\$ 855,561
Restricted deposits and funded reserves	330,463	292,580
Total cash, cash equivalents and restricted cash	<u>\$ 1,325,506</u>	<u>\$ 1,148,141</u>

See accompanying notes.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements
Years Ended June 30, 2022 and 2021

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, 2022 and 2021

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 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. The standard was applied retrospectively 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, 2022 and 2021

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 \$488,287 and \$261,806 at June 30, 2022 and 2021 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 \$102,110 and \$129,572 at June 30, 2022 and 2021 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 2022 or 2021.

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, 2022 and 2021

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. See Note L.
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 \$20,729,000 that have not been recognized at June 30, 2022 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, 2022 and 2021 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 \$266,918 and \$82,364 for the years ended June 30, 2022 and 2021 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, 2022 and 2021

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. The Organization has commenced its evaluation of the standard and currently anticipates a material impact to the consolidated financial statements upon adoption by recognition of a material right-of-use asset and lease liability on the consolidated statements of financial position.

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. The Organization is currently evaluating this ASU and its related impact on the Organization's consolidated financial statements.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

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, 2022 and 2021 are as follows:

	2022	2021
Cash and cash equivalents	\$ 995,043	\$ 855,561
Accounts receivable	3,416,005	3,525,775
Pledges receivable	2,157,434	1,740,468
Investments	1,669,477	1,987,190
Beneficial interest in trusts	1,645,252	1,196,106
Restricted deposits and funded reserves	330,463	292,580
	<u>10,213,674</u>	<u>9,597,680</u>
Less amounts not available to be used within one year		
Restricted by donors due to time or purpose	2,480,494	650,343
HUD capital advances	2,239,897	2,239,897
Restricted deposits and funded reserves	330,463	292,580
Funds held in trust by others in perpetuity	889,095	1,135,773
	<u>889,095</u>	<u>1,135,773</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,273,725</u>	<u>\$ 5,279,087</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, 2022 and 2021 consists of the following:

	2022	2021
Pledges receivable	\$ 2,359,786	\$ 1,907,778
Less unamortized discount	100,242	37,738
Less allowance for uncollectible pledges	102,110	129,572
	<u>\$ 2,157,434</u>	<u>\$ 1,740,468</u>
Amounts due in		
Less than one year	\$ 1,016,307	\$ 949,115
One to five years	1,343,479	958,663
	<u>\$ 2,359,786</u>	<u>\$ 1,907,778</u>

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

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 3.01%.

Note E - Property and Equipment

Property and equipment at June 30, 2022 and 2021 consists of the following:

	2022	2021
Land	\$ 1,010,897	\$ 1,010,897
Buildings and improvements	12,220,254	11,978,454
Vehicles	2,489,667	2,489,667
Furniture and equipment	3,318,347	3,040,000
	19,039,165	18,519,018
Less accumulated depreciation	10,460,292	9,733,364
	<u>\$ 8,578,873</u>	<u>\$ 8,785,654</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, 2022 and 2021.

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, 2022 and 2021

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, 2022:

	Investments at fair value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 82,805	\$ -	\$ -	\$ 82,805
Exchange traded funds	371,072	-	-	371,072
Mutual funds	1,035,125	-	-	1,035,125
Funds held by others	-	1,825,727	-	1,825,727
	<u>\$ 1,489,002</u>	<u>\$ 1,825,727</u>	<u>\$ -</u>	<u>\$ 3,314,729</u>

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>

Included in investments is \$180,475 and \$212,332 at June 30, 2022 and 2021 respectively, which is invested in a fund at The Community Foundation of Louisville. Terms of the fund allow the Organization to have access to \$123,448 and \$115,424 of these investments at June 30, 2022 and 2021, 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 \$46,550 and \$36,218 were received during the years ended June 30, 2022 and 2021, respectively.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

Note G - Beneficial Interest in Trusts (Continued)

Beneficial interest in trusts consists of the following at June 30, 2022 and 2021:

	2022	2021
Restricted due to time	\$ 813,184	\$ 157,241
Restricted in perpetuity	832,068	1,038,865
	<u>\$ 1,645,252</u>	<u>\$ 1,196,106</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 ("PPP"). Under the provisions of the CARES Act, the Organization was notified the loan was fully forgiven in May 2022 and the Organization has been legally released by the U.S. Small Business Administration ("SBA"). As such, the loan forgiveness was recognized as revenue (included in federal and state grants) in the consolidated statement of activities and changes in net assets for the year ended June 30, 2022. In accordance with the related PPP loan guidelines, the SBA reserves the right to audit any PPP loan at any time during the loan process, including after the loan is partially or fully forgiven and the Organization has been legally released.

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 BSBY rate plus 2.50% (3.297% at June 30, 2022). The line is secured by real estate and expires June 30, 2023. There was no outstanding balance on this line of credit as of both June 30, 2022 and 2021.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

Note J - Long-term Debt

Long-term debt at June 30, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</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.	\$ 492,735	\$ 589,818
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.	154,327	301,196
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.	21,672	85,193
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>3,988</u>	<u>26,816</u>
	672,722	1,003,023
Less current maturities	<u>282,164</u>	<u>330,297</u>
	<u><u>\$ 390,558</u></u>	<u><u>\$ 672,726</u></u>

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

At June 30, 2022, the aggregate annual maturities of principal payments on the notes payable are:

<u>Year ending June 30,</u>	
2023	\$ 282,164
2024	107,380
2025	112,944
2026	118,900
2027	<u>51,334</u>
	<u><u>\$ 672,722</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, 2022 and 2021 totaled \$732,000 and \$571,835, respectively. Service fees due and payable to the National Organization as of June 30, 2022 and 2021 were \$113,244 and \$53,275, respectively.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

Note K - Related Party Transactions (Continued)

The Organization contributed \$14,003 and \$17,676 for the years ended June 30, 2022 and 2021 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, 2022 and 2021, the Organization was due \$81,894 and \$89,052 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.

Note L - Donated Goods and Services

Donated materials and equipment are shown as gifts, valued at their estimated fair value at the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of donation. A large number of volunteers have given significant amounts of their time for the operation of the Organization throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

The Organization received the following contributions of nonfinancial assets as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Clothing, supplies, and household goods	\$ 95,943	\$ 111,030
Media	<u>153,079</u>	<u>27,285</u>
	<u><u>\$ 249,022</u></u>	<u><u>\$ 138,315</u></u>

The Organization receives donated goods in new or useable condition that are utilized to directly benefit clients receiving services through various programs. Donated goods consist of clothing, food, hygiene items, school and other supplies, and gift cards. The Organization values donated goods based on the cost of the goods. The Organization receives donated media time which is valued based on the cost of the ad or air time. All donated items were utilized in the Organization's programs and supporting services. There were no donor-imposed restrictions associated with donated goods and services.

Note M - 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, 2022 and 2021 was \$62,640 and \$66,420, respectively. Forfeitures totaling \$56,365 and \$0 were used to pay a portion of the employer contributions during the years ended June 30, 2022 and 2021, respectively.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

Note N - 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 O - 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, 2027. The Organization also leases multiple properties on a month-to-month basis. Total lease expense for the years ended June 30, 2022 and 2021 was \$1,090,116 and \$1,169,538, respectively.

The aggregate future minimum lease payments as of June 30, 2022 are as follows:

<u>Year ending June 30,</u>	
2023	\$ 770,668
2024	460,868
2025	308,781
2026	257,725
2027	<u>226,615</u>
	<u>\$ 2,024,657</u>

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

Note P - Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Subject to time or expenditure for specified purpose		
HUD capital advances	\$ 2,239,897	\$ 2,239,897
Freedom House projects	1,035,718	-
Beneficial interest in trust	813,194	157,241
Tennessee Department of Transportation	203,969	179,064
HIV grant funding	203,303	-
Education, supplies, bedding	146,020	25,374
Restorative Justice	47,632	150,000
Oral health media campaign	17,411	-
Moral injury training	10,322	21,848
Transitional housing - veterans	2,925	2,925
Unity House renovations	-	80,000
Family focused recovery expansion	-	33,891
	<u>4,720,391</u>	<u>2,890,240</u>
Total subject to time or expenditure for specified purpose	4,720,391	2,890,240
Funds held by others in perpetuity		
Beneficial interests in trust	832,068	1,038,865
Community Foundation of Louisville	57,027	96,908
	<u>889,095</u>	<u>1,135,773</u>
Total funds held by others in perpetuity	889,095	1,135,773
Total net assets with donor restrictions	<u><u>\$ 5,609,486</u></u>	<u><u>\$ 4,026,013</u></u>

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

Note P - Net Assets with Donor Restrictions (Continued)

The following entities have capital advances from HUD as of both June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</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><u>\$ 2,239,897</u></u>	<u><u>\$ 2,239,897</u></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 Q - 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.

Supplementary Information

Volunteers of America Mid-States, Inc. and Affiliates
Consolidating Statement of Financial Position
Year Ended June 30, 2022

	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	\$ 880,758	\$ 22,008	\$ 36,870	\$ 55,407	\$ -	\$ 995,043
Accounts receivable, net	3,318,827	5,717	1,024,525	270	(933,334)	3,416,005
Pledges receivable, net	1,016,307	-	-	-	-	1,016,307
Prepaid expenses and other current assets	4,166,920	32,999	80,019	-	(4,073,266)	206,672
Total current assets	9,382,812	60,724	1,141,414	55,677	(5,006,600)	5,634,027
Property and equipment						
Land and buildings	595,277	9,915,729	-	2,720,145	-	13,231,151
Furniture and equipment	1,710,830	4,046,045	37,927	13,212	-	5,808,014
Less accumulated depreciation	1,953,200	7,604,220	24,640	878,232	-	10,460,292
Total property and equipment	352,907	6,357,554	13,287	1,855,125	-	8,578,873
Other assets						
Investments, restricted	57,027	-	-	-	-	57,027
Investments	1,612,450	-	-	-	-	1,612,450
Beneficial interest in trusts	1,645,252	-	-	-	-	1,645,252
Restricted deposits and funded reserves	-	-	-	330,463	-	330,463
Pledges receivable, net	1,141,127	-	-	-	-	1,141,127
Total other assets	4,455,856	-	-	330,463	-	4,786,319
Total assets	<u>\$ 14,191,575</u>	<u>\$ 6,418,278</u>	<u>\$ 1,154,701</u>	<u>\$ 2,241,265</u>	<u>\$ (5,006,600)</u>	<u>\$ 18,999,219</u>

See independent auditor's report.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidating Statement of Financial Position (Continued)
Year Ended June 30, 2022

	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	\$ 1,781,957	\$ 4,080,491	\$ 39,840	\$ 92,173	\$ (5,006,600)	\$ 987,861
Accrued expenses	1,761,121	-	48,518	56,112	-	1,865,751
Other current liabilities	7,565	-	-	-	-	7,565
Current maturities of long-term debt	278,176	-	-	3,988	-	282,164
Total current liabilities	3,828,819	4,080,491	88,358	152,273	(5,006,600)	3,143,341
Long-term debt, less current maturities	390,558	-	-	-	-	390,558
Total long-term liabilities	390,558	-	-	-	-	390,558
Net assets						
Without donor restrictions	6,602,609	2,337,787	1,066,343	(150,905)	-	9,855,834
With donor restrictions	3,369,589	-	-	2,239,897	-	5,609,486
Total net assets	9,972,198	2,337,787	1,066,343	2,088,992	-	15,465,320
Total liabilities and net assets	<u>\$ 14,191,575</u>	<u>\$ 6,418,278</u>	<u>\$ 1,154,701</u>	<u>\$ 2,241,265</u>	<u>\$ (5,006,600)</u>	<u>\$ 18,999,219</u>

See independent auditor's report.

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
	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	<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 Activities and Changes in Net Assets
Year Ended June 30, 2022

	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	\$ 1,857,176	\$ -	\$ 25	\$ -	\$ -	\$ 1,857,201
Contributions, in-kind	249,022	-	-	-	-	249,022
Public support: capital and bequests	122,629	-	-	-	-	122,629
Special events	633,720	-	-	-	-	633,720
Public support received indirectly						
United Way allocation	59	-	61,814	-	-	61,873
Volunteers of America awards and grants	213,119	-	-	-	-	213,119
Total public support	3,075,725	-	61,839	-	-	3,137,564
Revenue and grants						
Fee for service revenue	10,785,457	-	2,264,713	-	-	13,050,170
Federal and state grants	15,241,863	-	34,245	-	-	15,276,108
Program service fees	5,583,338	285,659	113,530	-	(311,339)	5,671,188
Rental income	-	88,312	-	369,379	(88,312)	369,379
Miscellaneous revenue	3,408,094	-	-	-	(3,376,217)	31,877
Total revenue and grants	35,018,752	373,971	2,412,488	369,379	(3,775,868)	34,398,722
Net assets released from restrictions						
Satisfaction of program activities	305,408	-	-	-	-	305,408
Satisfaction of capital improvements	179,889	-	-	-	-	179,889
Total support and revenues from operations	\$ 38,579,774	\$ 373,971	\$ 2,474,327	\$ 369,379	\$ (3,775,868)	\$ 38,021,583

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, 2022

	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	\$ 12,265,824	\$ 949,839	\$ 2,376,656	\$ 425,270	\$ (1,948,186)	\$ 14,069,403
Promoting self-sufficiency	16,315,522	-	-	-	(1,827,682)	14,487,840
Total program services	28,581,346	949,839	2,376,656	425,270	(3,775,868)	28,557,243
Support services and fundraising						
Management and general	5,990,138	-	-	-	-	5,990,138
Fundraising	719,997	-	-	-	-	719,997
Total support services and fundraising	6,710,135	-	-	-	-	6,710,135
Total operating expenses	35,291,481	949,839	2,376,656	425,270	(3,775,868)	35,267,378
Increase (decrease) in net assets from operations	3,288,293	(575,868)	97,671	(55,891)	-	2,754,205
Nonoperating gains (losses) and other income (expense)						
Gain on sale of property and equipment	-	5,300	-	-	-	5,300
Interest and dividend income	98,161	-	-	-	-	98,161
Net realized and unrealized (loss) gain on investments	(365,419)	-	-	-	-	(365,419)
Nonoperating gains and other income, net	(267,258)	5,300	-	-	-	(261,958)
Change in net assets without donor restrictions	3,021,035	(570,568)	97,671	(55,891)	-	2,492,247
Net assets with donor restrictions						
Contributions	1,570,557	-	-	-	-	1,570,557
Federal and state grants	88,947	-	-	-	-	88,947
Net realized and unrealized loss on investments	(39,880)	-	-	-	-	(39,880)
Change in beneficial interest in trusts	449,146	-	-	-	-	449,146
Net assets released from restriction						
Satisfaction of program activities	(305,408)	-	-	-	-	(305,408)
Satisfaction of capital improvements	(179,889)	-	-	-	-	(179,889)
Change in net assets with donor restrictions	1,583,473	-	-	-	-	1,583,473
Change in net assets	4,604,508	(570,568)	97,671	(55,891)	-	4,075,720
Net assets, beginning of year	5,367,690	2,908,355	968,672	2,144,883	-	11,389,600
Net assets, end of year	\$ 9,972,198	\$ 2,337,787	\$ 1,066,343	\$ 2,088,992	\$ -	\$ 15,465,320

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	\$ 33,422,770	\$ 496,860	\$ 2,224,228	\$ 381,711	\$ (3,912,840)	\$ 32,612,729

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 loss 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 loss on investments	39,944	-	-	-	-	39,944
Change in beneficial interests in trust	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 Cash Flows
Year Ended June 30, 2022

	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	\$ 4,604,508	\$ (570,568)	\$ 97,671	\$ (55,891)	\$ -	\$ 4,075,720
Adjustments to reconcile change in net assets to net cash provided by operating activities						
Depreciation and amortization	114,640	617,334	9,965	69,098	-	811,037
Contributions restricted for long-term purposes	(1,099,105)	-	-	-	-	(1,099,105)
Provision for uncollectible pledges and accounts receivable	388,611	-	-	-	-	388,611
Forgiveness of PPP loan	(3,461,600)	-	-	-	-	(3,461,600)
Realized and unrealized loss on investments	405,299	-	-	-	-	405,299
Change in beneficial interest in trusts	(449,146)	-	-	-	-	(449,146)
Gain on sale of real estate	-	(5,300)	-	-	-	(5,300)
Change in						
Accounts receivable, net	(317,690)	(4,140)	(166,592)	46	309,859	(178,517)
Pledges receivable, net	96,710	-	-	-	-	96,710
Prepaid expenses and other current assets	(616,120)	59	34,309	-	573,446	(8,306)
Accounts payable	933,575	580,683	25,682	(5,956)	(883,305)	650,679
Accrued expenses	(145,070)	-	25,127	2,681	-	(117,262)
Other current liabilities	(2,028)	-	(8,221)	-	-	(10,249)
Deferred tax liability	(351,836)	-	-	-	-	(351,836)
Net cash provided by operating activities	100,748	618,068	17,941	9,978	-	746,735
Cash flows from investing activities						
Purchases of property and equipment	(37,632)	(604,255)	-	-	-	(641,887)
Proceeds from sale of property and equipment	-	5,300	-	-	-	5,300
Purchase of investments	(341,226)	-	-	-	-	(341,226)
Proceeds from sale of investments	253,639	-	-	-	-	253,639
Net cash used in investing activities	(125,219)	(598,955)	-	-	-	(724,174)
Cash flows from financing activities						
Proceeds from contributions restricted for long-term purposes	485,105	-	-	-	-	485,105
Payments on long-term debt	(307,473)	-	-	(22,828)	-	(330,301)
Net cash provided by (used in) financing activities	177,632	-	-	(22,828)	-	154,804
Net increase (decrease) in cash and cash equivalents	153,161	19,113	17,941	(12,850)	-	177,365
Cash, cash equivalents, and restricted cash, beginning of year	727,597	2,895	18,929	398,720	-	1,148,141
Cash, cash equivalents, and restricted cash, end of year	\$ 880,758	\$ 22,008	\$ 36,870	\$ 385,870	\$ -	\$ 1,325,506

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 gain 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 cash, beginning of year	761,632	16,237	20,301	334,869	-	1,133,039
Cash, cash equivalents, and restricted cash, end of year	\$ 727,597	\$ 2,895	\$ 18,929	\$ 398,720	\$ -	\$ 1,148,141

See independent auditor's report.