

Volunteers of America of Kentucky, Inc. and Affiliates
Consolidated Financial Statements
June 30, 2015 and 2014

Volunteers of America of Kentucky, Inc. and Affiliates

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Independent Auditor's Report

To the Board of Directors
Volunteers of America of Kentucky, Inc. and Affiliates
Louisville, Kentucky

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Volunteers of America of Kentucky, Inc. and Affiliates (the "Organization"), which are comprised of the consolidated statement of financial position as of June 30, 2015, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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.

Kentucky
Indiana
Ohio

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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 financial position of Volunteers of America of Kentucky, Inc. and Affiliates as of June 30, 2015, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was 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 year ended June 30, 2015 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.

The consolidated financial statements and supplemental schedules of Volunteers of America of Kentucky, Inc. and Affiliates for the year ended June 30, 2014 were audited by another auditor who expressed an unmodified opinion those statements on October 31, 2014.



Louisville, Kentucky
October 22, 2015

Volunteers of America of Kentucky, Inc. and Affiliates
Consolidated Statements of Financial Position
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Cash	\$ 584,975	\$ 432,312
Investments	1,196,195	1,196,191
Accounts receivable, net	2,541,838	2,631,539
Grants receivable	-	76,000
Pledges receivable, net	143,772	219,686
Prepaid expenses and other current assets	<u>326,125</u>	<u>364,365</u>
Total Current Assets	4,792,905	4,920,093
Property and Equipment, net of accumulated depreciation	4,442,038	4,423,489
Other Assets		
Investments, restricted	48,108	48,857
Restricted deposits and funded reserves	95,551	77,331
Pledges receivable, net	425,625	268,971
Intangible asset	<u>-</u>	<u>103,719</u>
Total Other Assets	<u>569,284</u>	<u>498,878</u>
Total Assets	<u><u>\$ 9,804,227</u></u>	<u><u>\$ 9,842,460</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 264,801	\$ 312,424
Accrued expenses	1,372,279	1,493,992
Other current liabilities	2,628	135,833
Current maturities of long-term debt	<u>192,452</u>	<u>216,666</u>
Total Current Liabilities	1,832,160	2,158,915
Long-term Debt, less current maturities	835,222	783,451
Payable to National Organization	-	103,719
Net Assets		
Unrestricted	5,344,480	5,359,921
Temporarily restricted	1,744,257	1,387,597
Permanently restricted	<u>48,108</u>	<u>48,857</u>
Total Net Assets	<u>7,136,845</u>	<u>6,796,375</u>
Total Liabilities and Net Assets	<u><u>\$ 9,804,227</u></u>	<u><u>\$ 9,842,460</u></u>

See accompanying notes.

Volunteers of America of Kentucky, Inc. and Affiliates
Consolidated Statements of Activities and Changes in Net Assets
Years Ended June 30, 2015 and 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues								
Support and Revenues From Operations								
Public Support Received Directly								
Contributions	\$ 1,080,024	\$ 803,720	\$ -	\$ 1,883,744	\$ 1,147,879	\$ 76,000	\$ -	\$ 1,223,879
Contributions, in-kind	1,221,803	-	-	1,221,803	909,615	-	-	909,615
Public support: capital and bequests	188,638	-	-	188,638	157,595	-	-	157,595
Special events	128,879	-	-	128,879	913,19	-	-	913,19
Public Support Received Indirectly								
United Way allocation	96,959	-	-	96,959	96,019	-	-	96,019
Volunteers of America awards and grants	126,710	-	-	126,710	127,209	-	-	127,209
Total Public Support	2,843,013	803,720	-	3,646,733	2,529,636	76,000	-	2,605,636
Revenue and Grants								
Fee-for-service revenue	14,715,838	-	-	14,715,838	15,031,614	-	-	15,031,614
Federal and state grants	8,713,810	-	-	8,713,810	8,427,135	-	-	8,427,135
Program service fees	914,179	-	-	914,179	736,528	-	-	736,528
Rental income	151,637	-	-	151,637	300,492	-	-	300,492
Forgiveness of debt	103,719	-	-	103,719	27,932	-	-	27,932
Miscellaneous revenue	4,374	-	-	4,374	161,007	-	-	161,007
Total Revenue and Grants	24,603,557	-	-	24,603,557	24,684,708	-	-	24,684,708
Net assets released from restrictions, satisfaction of program activities	447,060	(447,060)	-	-	309,117	(309,117)	-	-
Total Support and Revenues From Operations	27,893,630	356,660	-	28,250,290	27,523,461	(233,117)	-	27,290,344
Expenses								
Operating Expenses								
Program Services								
Fostering independence	14,918,026	-	-	14,918,026	16,233,368	-	-	16,233,368
Promoting self-sufficiency	8,250,996	-	-	8,250,996	6,760,630	-	-	6,760,630
Total Program Services	23,169,022	-	-	23,169,022	22,993,998	-	-	22,993,998
Support Services and Fundraising								
Management and general	3,285,514	-	-	3,285,514	2,811,663	-	-	2,811,663
Fundraising	835,795	-	-	835,795	889,007	-	-	889,007
Administrative fees paid to National Organization	590,777	-	-	590,777	543,009	-	-	543,009
Total Support Services and Fundraising	4,712,086	-	-	4,712,086	4,243,679	-	-	4,243,679
Total Operating Expenses	27,881,108	-	-	27,881,108	27,237,677	-	-	27,237,677
Increase (Decrease) in Net Assets From Operations	12,522	356,660	-	369,182	285,784	(233,117)	-	52,667
Nonoperating Gains (Losses) and Other Income (Expense)								
(Loss) gain on sale of real estate	(36,020)	-	-	(36,020)	145,734	-	-	145,734
Interest and dividend income	52,558	-	-	52,558	47,894	-	-	47,894
Net realized and unrealized gain (loss) on investments	(44,501)	-	(749)	(45,250)	104,680	-	11,794	116,474
Miscellaneous expense	-	-	-	-	(1,578)	-	-	(1,578)
Nonoperating Gains (Losses) and Other Income (Expense)	(27,963)	-	(749)	(28,712)	296,730	-	11,794	308,524
Change in Net Assets	(15,441)	356,660	(749)	340,470	582,514	(233,117)	11,794	361,191
Net Assets Beginning of Year	5,359,921	1,387,597	48,857	6,796,375	4,777,407	1,620,714	37,063	6,435,184
Net Assets End of Year	\$ 5,344,480	\$ 1,744,257	\$ 48,108	\$ 7,136,845	\$ 5,359,921	\$ 1,387,597	\$ 48,857	\$ 6,796,375

See accompanying notes.

Volunteers of America Kentucky, Inc. and Affiliates
Consolidated Statement of Functional Expenses
Year Ended June 30, 2015

	Program Services			Support Services			Total Operating Expenses
	Fostering Independence	Promoting Self-sufficiency	Total	Management and General	Fundraising	Total	
Salaries	\$ 9,729,382	\$ 3,764,373	\$ 13,493,755	\$ 1,738,556	\$ 376,569	\$ 2,115,125	\$ 15,608,880
Pension expense	-	-	-	10,042	-	10,042	10,042
Other employee benefits	261,532	222,947	484,479	114,382	21,607	135,989	620,468
Payroll taxes	977,200	328,461	1,305,661	119,220	36,005	155,225	1,460,886
Legal fees	-	2,870	2,870	2,980	-	2,980	5,850
Accounting fees	13,900	-	13,900	41,125	-	41,125	55,025
Other professional fees	553,503	48,973	602,476	198,472	141,396	339,868	942,344
Supplies and expenses	287,932	562,195	850,127	252,200	11,497	263,697	1,113,824
Telecommunications	107,831	77,403	185,234	53,175	4,067	57,242	242,476
Postage	4,491	1,797	6,288	25,456	26,452	51,908	58,196
Occupancy expense	836,151	1,164,876	2,001,027	85,462	52,295	137,757	2,138,784
Interest	34,535	-	34,535	34,113	-	34,113	68,648
Insurance	250,156	141,528	391,684	(85,990)	-	(85,990)	305,694
Equipment rental and maintenance	42,351	31,485	73,836	20,168	1,532	21,700	95,536
Printing and publications	12,319	18,372	30,691	363,777	40,143	403,920	434,611
Travel and transportation	465,922	204,341	670,263	86,259	22,313	108,572	778,835
Conferences and meetings	29,292	149,381	178,673	53,850	15,561	69,411	248,084
Specific assistance to individuals	878,779	1,494,119	2,372,898	-	1,145	1,145	2,374,043
Other	7,811	5,593	13,404	54,812	85,213	140,025	153,429
Depreciation and amortization	424,939	32,282	457,221	117,455	-	117,455	574,676
Total Functional Expenses	<u>\$ 14,918,026</u>	<u>\$ 8,250,996</u>	<u>\$ 23,169,022</u>	<u>\$ 3,285,514</u>	<u>\$ 835,795</u>	<u>\$ 4,121,309</u>	27,290,331
Administrative Functional Expenses							<u>590,777</u>
Total Operating Expenses							<u>\$ 27,881,108</u>

See accompanying notes.

Volunteers of America Kentucky, Inc. and Affiliates
Consolidated Statement of Functional Expenses
Year Ended June 30, 2014

	Program Services			Support Services			Total Operating Expenses
	Fostering Independence	Promoting Self-sufficiency	Total	Management and General	Fundraising	Total	
Salaries	\$ 10,285,270	\$ 2,951,027	\$ 13,236,297	\$ 1,652,654	\$ 400,566	\$ 2,053,220	\$ 15,289,517
Pension expense	-	8,416	8,416	8,206	-	8,206	16,622
Other employee benefits	339,896	152,927	492,823	106,735	21,517	128,252	621,075
Payroll taxes	1,004,828	274,157	1,278,985	70,945	40,631	111,576	1,390,561
Legal fees	-	-	-	5,772	-	5,772	5,772
Accounting fees	9,475	-	9,475	41,750	-	41,750	51,225
Other professional fees	757,538	42,181	799,719	166,858	107,673	274,531	1,074,250
Supplies and expenses	198,550	416,179	614,729	188,585	37,805	226,390	841,119
Telecommunications	112,658	70,462	183,120	55,408	4,778	60,186	243,306
Postage	5,474	3,521	8,995	21,442	27,097	48,539	57,534
Occupancy expense	946,737	1,203,232	2,149,969	107,526	58,849	166,375	2,316,344
Interest	59,061	-	59,061	29,227	-	29,227	88,288
Insurance	252,757	107,984	360,741	(89,717)	-	(89,717)	271,024
Equipment rental and maintenance	43,466	24,470	67,936	14,355	1,560	15,915	83,851
Printing and publications	23,637	11,473	35,110	238,040	80,216	318,256	353,366
Travel and transportation	564,176	170,223	734,399	83,189	16,405	99,594	833,993
Conferences and meetings	14,050	136,485	150,535	40,372	6,643	47,015	197,550
Specific assistance to individuals	1,231,495	1,146,879	2,378,374	-	1,058	1,058	2,379,432
Other	1,745	4,835	6,580	9,075	84,209	93,284	99,864
Depreciation and amortization	382,555	36,179	418,734	61,241	-	61,241	479,975
Total Functional Expenses	<u>\$ 16,233,368</u>	<u>\$ 6,760,630</u>	<u>\$ 22,993,998</u>	<u>\$ 2,811,663</u>	<u>\$ 889,007</u>	<u>\$ 3,700,670</u>	26,694,668
Administrative Functional Expenses							<u>543,009</u>
Total Operating Expenses							<u><u>\$ 27,237,677</u></u>

See accompanying notes.

Volunteers of America Kentucky, Inc. and Affiliates
Consolidated Statements of Cash Flows
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 340,470	\$ 361,191
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	574,676	479,975
Contributions restricted for long-term purposes	(688,720)	-
Forgiveness of debt	(103,719)	(27,932)
Discount on pledges receivable	29,316	(4,847)
Provision for uncollectible pledges receivable	54,350	(5,635)
Provision for uncollectible accounts receivable	2,399	(29,404)
Realized and unrealized loss (gain) on investments	45,250	(116,474)
Loss (gain) on sale of real estate	36,020	(145,719)
Changes in operating assets and liabilities		
Accounts receivable, net	87,302	574,466
Grants receivable	76,000	233,117
Pledges receivable, net	(114,821)	(2,918)
Prepaid expenses and other current assets	38,240	(81,881)
Accounts payable	(47,623)	(249,562)
Accrued expenses	(121,713)	251,843
Other current liabilities	(133,205)	42,859
Net Cash Provided by Operating Activities	<u>74,222</u>	<u>1,279,079</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(727,389)	(410,357)
Proceeds from sale of real estate	201,863	196,662
Purchase of investments	(544,672)	(182,844)
Proceeds from sale of investments	500,167	65,478
Changes in restricted deposits and funded reserves, net	(18,220)	(1,215)
Net Cash Use in Investing Activities	<u>(588,251)</u>	<u>(332,276)</u>
Cash Flows from Financing Activities		
Proceeds from contributions restricted for long-term purposes	639,135	-
Net activity on lines of credit	-	(998,083)
Payments on long-term debt	(372,443)	(209,363)
Proceeds from long-term debt	400,000	250,000
Net Cash Provided by (Used in) Financing Activities	<u>666,692</u>	<u>(957,446)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	152,663	(10,643)
Cash and Cash Equivalents Beginning of Year	432,312	442,955
Cash and Cash Equivalents End of Year	<u>\$ 584,975</u>	<u>\$ 432,312</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 70,046	\$ 60,847

See accompanying notes.

Volunteers of America of Kentucky, Inc. and Affiliates
Notes to the Financial Statements
June 30, 2015 and 2014

Note A - Description of Organization

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, West Virginia and Ohio 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. In September 2015, the Organization changed its name to Volunteers of America Mid-States, Inc. 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 six residential properties funded by the U.S. Department of Housing and Urban Development ("HUD"), through a common board of directors and management team.

The six 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.

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 of Kentucky, Inc. and Affiliates
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

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 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.
2. Principles of Consolidation: The Organization's consolidated financial statements include the accounts of Volunteers of America (VOA) of Kentucky, 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 accounting principles generally accepted in the United States of America 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 financial statements were available to be issued.
5. Net Assets: The Organization classifies net assets into three categories: unrestricted, temporarily restricted and permanently restricted. All net assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law.

Temporarily restricted net assets include contributions with temporary, donor-imposed time or purpose restrictions. Temporarily restricted net assets become unrestricted and are reported in the consolidated statement of activities as net assets released from restrictions when the time restrictions expire, or the contributions are used for the restricted purpose.

Permanently restricted net assets include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity, but permitting use of all or part of the investment income earned on the contributions.

6. Operations: The Organization defines operations as all program and supporting service activities undertaken. 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.
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 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.

Volunteers of America of Kentucky, Inc. and Affiliates
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

Note B - Summary of Significant Accounting Policies (Continued)

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 \$160,851 and \$333,973 at June 30, 2015 and 2014, 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 \$69,380 and \$57,152 at June 30, 2015 and 2014, 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 \$1,000 and with a useful life of at least one year. Repairs and maintenance are expensed as incurred. The fair value of donated assets is similarly capitalized using the fair market value of the asset as of the date donated. Depreciation expense was \$470,957 and \$452,043 for the years ended June 30, 2015 and 2014, respectively. 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 2015 or 2014.

13. 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. Certain restricted grant revenues received and earned within the same period are recorded as unrestricted revenues.
14. Contributions: Contributions are generally recorded only 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.

Volunteers of America of Kentucky, Inc. and Affiliates
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

Note B - Summary of Significant Accounting Policies (Continued)

15. 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 \$1,221,803 and \$909,615 for the years ended June 30, 2015 and 2014, respectively.
16. Fee-for-service Revenues: 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 the Organization under certain circumstances. Other client service revenues are recorded at rates established by the Organization.
17. 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 unrelated business activities during the fiscal years ended June 30, 2015 and 2014, 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.

18. Advertising Costs: Advertising costs are expensed as incurred. Advertising expense was \$332,694 and \$290,619 for the years ended June 30, 2015 and 2014, respectively, and is included in printing and publications in the consolidated statements of functional expenses.
19. Allocation of Functional Expenses: The Organization allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allowed directly according to their natural expense classification. Other expenses that are common to several functions are allocated using various statistical bases.
20. Reclassifications: Certain reclassifications have been made to the 2014 consolidated financial statements to conform to 2015 presentation. The reclassifications had no effect on the previously reported change in net assets.

Volunteers of America of Kentucky, Inc. and Affiliates
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

Note C - Pledges Receivable

Pledges receivable at June 30, 2015 and 2014 consists of the following:

	<u>2015</u>	<u>2014</u>
Pledges receivable	\$ 693,801	\$ 571,517
Less unamortized discount	55,024	25,708
Less allowance for uncollectible pledges	<u>69,380</u>	<u>57,152</u>
	<u>\$ 569,397</u>	<u>\$ 488,657</u>
Amounts due in:		
Less than one year	\$ 143,772	\$ 219,686
One to five years	<u>550,029</u>	<u>351,831</u>
	<u>\$ 693,801</u>	<u>\$ 571,517</u>

Pledges receivable due after one year have been discounted to present value reflecting the time value of money using a discount rate of 3.25% at both June 30, 2015 and 2014.

Note D - Property and Equipment

Property and equipment at June 30, 2015 and 2014 consists of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 430,131	\$ 480,864
Buildings and improvements	7,145,345	6,791,126
Vehicles	1,770,657	1,863,030
Furniture and equipment	<u>1,173,102</u>	<u>1,505,257</u>
	10,519,235	10,640,277
Less accumulated depreciation	<u>6,077,197</u>	<u>6,216,788</u>
	<u>\$ 4,442,038</u>	<u>\$ 4,423,489</u>

Volunteers of America of Kentucky, Inc. and Affiliates
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

Note E - 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, 2015 and 2014.

Money market 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. The funds are valued at the net asset value of the underlying assets.

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, 2015:

	Investments at Fair Value as of June 30, 2015			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 28,560	\$ -	\$ -	\$ 28,560
Mutual funds				
Fixed income	264,025	-	-	264,025
Equity	730,429	-	-	730,429
Real estate trust shares	95,366	-	-	95,366
Funds held in trust by others	-	125,923	-	125,923
	<u>\$ 1,118,380</u>	<u>\$ 125,923</u>	<u>\$ -</u>	<u>\$ 1,244,303</u>

Volunteers of America of Kentucky, Inc. and Affiliates
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

Note E - Investments and Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2014:

	Investments at Fair Value as of June 30, 2014			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 14,661	\$ -	\$ -	\$ 14,661
Mutual funds				
Fixed income	264,079	-	-	264,079
Equity	728,375	-	-	728,375
Exchange traded funds	60,183	-	-	60,183
Real estate trust shares	56,130	-	-	56,130
Funds held in trust by others	-	121,620	-	121,620
	<u>\$ 1,123,428</u>	<u>\$ 121,620</u>	<u>\$ -</u>	<u>\$ 1,245,048</u>

Included in investments is \$125,923 and \$121,620 at June 30, 2015 and 2014, respectively, which is invested in a fund at The Community Foundation of Louisville. Terms of the fund allow the Organization to have access to \$77,815 and \$72,763 of these investments at June 30, 2015 and 2014, respectively, with the balance restricted for permanent endowment purposes.

Note F - Intangible Asset

An intangible asset has been recorded for the value of the right to provide management services to the Mental Retardation and Developmentally Disabled Program ("MRDD") from Volunteers of America of Indiana. Under the related agreement, the Organization assumed management of the MRDD Program in Southern Indiana in exchange for assuming debt from Volunteers of America of Indiana payable to the National Organization related to this program.

The debt assumed in connection with this transaction is being forgiven by the National Organization based on a percentage of excess revenues generated from this MRDD program. Debt forgiveness granted by the National Organization amounted to \$103,719 and \$27,932 for the years ended June 30, 2015 and 2014, respectively (see Note I). The value assigned to the acquisition and rights to the MRDD Program are correspondingly reduced by the amount of this debt forgiveness.

Note G - Lines of Credit

The Organization has a line of credit with PNC Bank which provided for borrowings up to \$2,000,000. In May 2015, terms of the line of credit were amended to reduce the maximum borrowing to \$1,600,000. Outstanding balances bear interest at the prime rate plus .50% (3.75% at June 30, 2015). The line is secured by real estate and expires December 31, 2015. There were no borrowings on the line of credit at June 30, 2015 and 2014.

The Organization has an additional line of credit with Fifth Third Bank which provides for borrowings up to \$300,000. The line is secured by investments held at Fifth Third Institutional Services. Outstanding borrowings bear interest at the LIBOR rate plus 1.5% (1.80% at June 30, 2015). The line of credit expires February 28, 2016. There were no borrowings on the line of credit at June 30, 2015 and 2014.

Volunteers of America of Kentucky, Inc. and Affiliates
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

Note H - Long-term Debt

Long-term debt at June 30, 2015 and 2014 consists of the following:

	2015	2014
Note payable to PNC Bank, interest rate of 3.75%, payable in monthly principal and interest installments of \$7,332 through May 2020.	\$ 393,501	\$ -
Mortgage payable to First Tennessee Bank, interest rate of 5.60%, payable in monthly principal and interest installments of \$4,004 through August 2015. Loan refinanced subsequent to year end with interest rate of 4.17% and monthly principle and interest payments of \$3,911 through October 2020.	214,409	249,625
Note payable to PNC Bank, interest rate of 3.75%, payable in monthly principal and interest installments of \$4,583 through April 2019.	195,817	242,391
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.	127,253	139,179
Mortgage payable to First Tennessee Bank, interest rate of 4.40%, payable in monthly principal and interest installments of \$614 through June 2018 with a balloon payment of \$33,413 due June 2018.	50,152	55,165
Mortgage payable to U.S. Department of Housing and Urban Development, interest rate of 9.25%, payable in monthly principal and interest installments of \$2,132 through August 2022.	46,542	66,726
Mortgage payable to PNC Bank, interest rate of 4.4%, payable in monthly principal and interest installments of \$1,374 through October 2016. Paid in full August 2014.	-	156,158
Mortgage payable to Regions Bank, interest rate of 7.4%, payable in monthly principal and interest installments of \$888. Paid in full in July 2014.	-	53,013
Mortgage payable to PNC Bank, interest rate of 4.4%, payable in monthly principal and interest installments.		
Mortgage payable to Fifth Third Bank, interest rate of 7.88%, payable in monthly principal and interest installments of \$1,746. Paid in full in August 2014.	-	37,860
	1,027,674	1,000,117
Less current maturities	192,452	216,666
	<u>\$ 835,222</u>	<u>\$ 783,451</u>

The mortgages above are collateralized by the various real estate assets of the Organization.

Volunteers of America of Kentucky, Inc. and Affiliates
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

Note H - Long-term Debt (Continued)

At June 30, 2015, the aggregate annual maturities of principal payments on the notes payable are:

Year Ending June 30	
2016	\$ 192,452
2017	211,782
2018	229,124
2019	184,582
2020	145,762
Thereafter	<u>63,972</u>
	<u>\$ 1,027,674</u>

Note I - 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, 2015 and 2014 totaled \$590,777 and \$543,009, respectively. The Organization had service fees due to the National Organization totaling \$54,305 and \$47,794 as of June 30, 2015 and 2014, respectively, which are included in accrued expenses on the consolidated statements of financial position.

The Organization contributed \$10,042 and \$16,622 for the years ended June 30, 2015 and 2014, respectively, to fund The Volunteers of America National Pension Plan, the defined benefit pension plan of the National Organization covering all commissioned ministers.

The Organization had additional amounts due the National Organization of \$103,719 as of June 30, 2014, relating to debt assumed in connection with the acquisition of the MRDD Program in Southern Indiana (see Note F). This debt was forgiven in full during the year ended June 30, 2015.

As of June 30, 2015 and 2014, the Organization was due \$68,790 and \$56,593 respectively, from seven 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 J - 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, 2015 and 2014 was \$59,026 and \$54,330 respectively.

Note K - 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.

Volunteers of America of Kentucky, Inc. and Affiliates
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

Note L - Lease Commitments

The Organization leases properties in Kentucky, Tennessee and Indiana for various group homes and offices and vehicles with monthly rents ranging from \$112 to \$9,364. These leases expire at various dates through June 30, 2099. The Organization also leases multiple properties on a month-to-month basis. Total lease expense for the years ended June 30, 2015 and 2014 was \$1,219,278 and \$1,306,580, respectively.

The aggregate future minimum lease payments as of June 30, 2015 are as follows:

Year Ending June 30	
2016	\$ 673,672
2017	274,568
2018	227,546
2019	230,825
2020	182,266
Thereafter	<u>105,600</u>
	<u>\$ 1,694,477</u>

Note M - Restrictions on Net Assets

Temporarily restricted net assets at June 30, 2015 and 2014 consists of the following:

	2015	2014
Freedom House Project	\$ 217,660	\$ -
iChooseWell: Healthy Choices for Women and Families	115,000	-
Family Emergency Shelter - operations	100,000	-
Shelby Street - facility improvements	<u>-</u>	<u>76,000</u>
Total Temporarily Restricted by Donors	432,660	76,000
HUD capital advances	<u>1,311,597</u>	<u>1,311,597</u>
	<u>\$ 1,744,257</u>	<u>\$ 1,387,597</u>

The following entities have capital advances from HUD as of both June 30, 2015 and 2014:

VOAKY Autumn Ridge, Inc. (Release from restriction in September 2043)	\$ 217,400
VOAKY Bunker Hill Court, Inc. (Release from restriction in January 2048)	521,697
VOAKY Madison Pike, Inc. (Release from restriction in May 2045)	296,600
VOAKY Morningside Drive, Inc. (Release from restriction in January 2045)	<u>275,900</u>
	<u>\$ 1,311,597</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 temporarily restricted net assets.

Volunteers of America of Kentucky, Inc. and Affiliates
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

Note M - Restrictions on Net Assets (Continued)

Permanently restricted net assets consist of a portion of the funds that are invested with The Community Foundation of Louisville. The amount of permanently restricted net assets was \$48,108 and \$48,857 at June 30, 2015 and 2014, respectively.

Note N - Contingencies

The current economic environment presents not-for-profit organizations with unprecedented circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, declines in funding, constraints on liquidity and difficulty obtaining financing. The consolidated financial statements have been prepared using values and information currently available to the Organization.

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the consolidated financial statements could change rapidly, resulting in material future adjustments in investment values and allowances for accounts receivable that could negatively impact the Organization's ability to maintain sufficient liquidity.

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 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 of Kentucky, Inc. and Affiliates
Consolidating Statement of Financial Position
June 30, 2015

	VOA of Kentucky 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	\$ 475,405	\$ 30,937	\$ 48,486	\$ 30,147	\$ -	\$ 584,975
Investments	1,196,195	-	-	-	-	1,196,195
Accounts receivable, net	2,233,270	38,536	602,481	241	(332,690)	2,541,838
Grants receivable	-	-	-	-	-	-
Pledges receivable, net	143,772	-	-	-	-	143,772
Prepaid expenses and other current assets	313,615	1,397,224	50,000	-	(1,434,714)	326,125
Total Current Assets	4,362,257	1,466,697	700,967	30,388	(1,767,404)	4,792,905
Property and Equipment						
Land and buildings	500,498	5,429,192	-	1,645,786	-	7,575,476
Furniture and equipment	1,100,700	1,823,529	8,032	11,498	-	2,943,759
Less accumulated depreciation	1,346,771	4,470,961	6,804	252,661	-	6,077,197
Total Property and Equipment	254,427	2,781,760	1,228	1,404,623	-	4,442,038
Other Assets						
Investments, restricted	48,108	-	-	-	-	48,108
Restricted deposits and funded reserves	-	-	-	95,551	-	95,551
Pledges receivable, net	425,625	-	-	-	-	425,625
Total Other Assets	473,733	-	-	95,551	-	569,284
Total Assets	<u>\$ 5,090,417</u>	<u>\$ 4,248,457</u>	<u>\$ 702,195</u>	<u>\$ 1,530,562</u>	<u>\$ (1,767,404)</u>	<u>\$ 9,804,227</u>

Volunteers of America of Kentucky, Inc. and Affiliates
Consolidating Statement of Financial Position (Continued)
June 30, 2015

	VOA of Kentucky 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	\$ 488,162	\$ 1,445	\$ 31,873	\$ 76,011	\$ (332,690)	\$ 264,801
Accrued expenses	1,283,313	-	85,626	3,340	-	1,372,279
Other current liabilities	1,435,675	1,667	-	-	(1,434,714)	2,628
Current maturities of long-term debt	122,720	34,400	-	35,332	-	192,452
Total Current Liabilities	3,329,870	37,512	117,499	114,683	(1,767,404)	1,832,160
Long-term Debt, less current maturities	466,598	230,161	-	138,463	-	835,222
Net Assets						
Unrestricted	813,181	3,980,784	584,696	(34,181)	-	5,344,480
Temporarily restricted	432,660	-	-	1,311,597	-	1,744,257
Permanently restricted	48,108	-	-	-	-	48,108
Total Net Assets	1,293,949	3,980,784	584,696	1,277,416	-	7,136,845
Total Liabilities and Net Assets	\$ 5,090,417	\$ 4,248,457	\$ 702,195	\$ 1,530,562	\$ (1,767,404)	\$ 9,804,227

See Independent Auditor's Report.

Volunteers of America of Kentucky, Inc. and Affiliates
Consolidating Statement of Financial Position
June 30, 2014

	VOA of Kentucky 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	\$ 341,148	\$ 27,252	\$ 22,213	\$ 41,699	\$ -	\$ 432,312
Investments	1,196,191	-	-	-	-	1,196,191
Accounts receivable, net	2,253,507	85,691	363,413	7	(71,079)	2,631,539
Grants receivable	76,000	-	-	-	-	76,000
Pledges receivable, net	219,686	-	-	-	-	219,686
Prepaid expenses and other current assets	241,949	979,725	-	-	(857,309)	364,365
Total Current Assets	4,328,481	1,092,668	385,626	41,706	(928,388)	4,920,093
Property and Equipment						
Land and buildings	484,877	4,881,427	259,900	1,645,786	-	7,271,990
Furniture and equipment	1,646,563	1,698,682	11,544	11,498	-	3,368,287
Less accumulated depreciation	1,877,257	4,108,320	31,180	200,031	-	6,216,788
Total Property and Equipment	254,183	2,471,789	240,264	1,457,253	-	4,423,489
Other Assets						
Investments, restricted	48,857	-	-	-	-	48,857
Restricted deposits and funded reserves	-	-	-	77,331	-	77,331
Pledges receivable, net	268,971	-	-	-	-	268,971
Intangible asset	103,719	-	-	-	-	103,719
Total Other Assets	421,547	-	-	77,331	-	498,878
Total Assets	<u>\$ 5,004,211</u>	<u>\$ 3,564,457</u>	<u>\$ 625,890</u>	<u>\$ 1,576,290</u>	<u>\$ (928,388)</u>	<u>\$ 9,842,460</u>

Volunteers of America of Kentucky, Inc. and Affiliates
Consolidating Statement of Financial Position (Continued)
June 30, 2014

	VOA of Kentucky 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	\$ 275,162	\$ 1,693	\$ 33,300	\$ 73,348	\$ (71,079)	\$ 312,424
Accrued expenses	1,391,321	-	101,056	1,615	-	1,493,992
Other current liabilities	977,505	2,655	498	12,484	(857,309)	135,833
Current maturities of long-term debt	46,696	130,941	9,620	29,409	-	216,666
Total Current Liabilities	2,690,684	135,289	144,474	116,856	(928,388)	2,158,915
Long-term Debt, less current maturities	195,766	264,651	146,538	176,496	-	783,451
Payable to National Organization	103,719	-	-	-	-	103,719
Net Assets						
Unrestricted	1,889,185	3,164,517	334,878	(28,659)	-	5,359,921
Temporarily restricted	76,000	-	-	1,311,597	-	1,387,597
Permanently restricted	48,857	-	-	-	-	48,857
Total Net Assets	2,014,042	3,164,517	334,878	1,282,938	-	6,796,375
Total Liabilities and Net Assets	<u>\$ 5,004,211</u>	<u>\$ 3,564,457</u>	<u>\$ 625,890</u>	<u>\$ 1,576,290</u>	<u>\$ (928,388)</u>	<u>\$ 9,842,460</u>

See Independent Auditor's Report.

Volunteers of America of Kentucky, Inc. and Affiliates
Consolidating Statement of Activities and Changes in Net Assets
Year Ended June 30, 2015

	VOA of Kentucky Inc.	VOA Property Corporation of Louisville, Inc.	VOA of Northern Kentucky, Inc.	Various HUD Properties	Elimination	Consolidated Totals
Revenues						
Support and Revenues From Operations						
Public Support Received Directly						
Contributions	\$ 220,783	\$ 859,241	\$ -	\$ -	\$ -	\$ 1,080,024
Contributions, in-kind	1,221,803	-	-	-	-	1,221,803
Public support: capital and bequests	188,638	-	-	-	-	188,638
Special events	128,879	-	-	-	-	128,879
Public Support Received Indirectly						
United Way allocation	1,302	-	95,657	-	-	96,959
Volunteers of America awards and grants	126,710	-	-	-	-	126,710
Total Public Support	1,888,115	859,241	95,657	-	-	2,843,013
Revenue and Grants						
Fee-for-service revenue	12,439,344	-	2,276,494	-	-	14,715,838
Federal and state grants	8,713,810	-	-	-	-	8,713,810
Program service fees	276,308	799,294	167,377	-	(328,800)	914,179
Rental income	-	82,938	-	235,871	(167,172)	151,637
Forgiveness of debt	103,719	-	-	-	-	103,719
Miscellaneous revenue	2,670,228	430	723	1,220	(2,668,227)	4,374
Total Revenue and Grants	24,203,409	882,662	2,444,594	237,091	(3,164,199)	24,603,557
Net assets released from restrictions, satisfaction of program activities	447,060	-	-	-	-	447,060
Total Support and Revenues From Operations	26,538,584	1,741,903	2,540,251	237,091	(3,164,199)	27,893,630

Volunteers of America of Kentucky, Inc. and Affiliates
Consolidating Statement of Activities and Changes in Net Assets (Continued)
Year Ended June 30, 2015

	VOA of Kentucky 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	13,687,318	925,636	2,254,413	242,613	(2,191,954)	14,918,026
Promoting self-sufficiency	9,223,241	-	-	-	(972,245)	8,250,996
Total Program Services	22,910,559	925,636	2,254,413	242,613	(3,164,199)	23,169,022
Support Services and Fundraising						
Management and general	3,285,514	-	-	-	-	3,285,514
Fundraising	835,795	-	-	-	-	835,795
Administrative fees paid to National Organization	590,777	-	-	-	-	590,777
Total Support Services and Fundraising	4,712,086	-	-	-	-	4,712,086
Total Operating Expenses	27,622,645	925,636	2,254,413	242,613	(3,164,199)	27,881,108
Increase (Decrease) in Net Assets From Operations	(1,084,061)	816,267	285,838	(5,522)	-	12,522
Nonoperating Gains (Losses) and Other Income (Expense)						
Loss on sale of real estate	-	-	(36,020)	-	-	(36,020)
Interest and dividend income	52,558	-	-	-	-	52,558
Net realized and unrealized gain (loss) on investments	(44,501)	-	-	-	-	(44,501)
Nonoperating Gains (Losses) and Other Income (Expense)	8,057	-	(36,020)	-	-	(27,963)
Increase (Decrease) in Unrestricted Net Assets	(1,076,004)	816,267	249,818	(5,522)	-	(15,441)
Temporarily Restricted Net Assets						
Contributions	803,720	-	-	-	-	803,720
Net assets released from restriction, satisfaction of program activities	(447,060)	-	-	-	-	(447,060)
Increase in Temporarily Restricted Net Assets	356,660	-	-	-	-	356,660
Permanently Restricted Net Assets						
Net realized and unrealized gain (loss) on investments	(749)	-	-	-	-	(749)
Increase (Decrease) in Net Assets	(720,093)	816,267	249,818	(5,522)	-	340,470
Net Assets Beginning of Year	2,014,042	3,164,517	334,878	1,282,938	-	6,796,375
Net Assets End of Year	\$ 1,293,949	\$ 3,980,784	\$ 584,696	\$ 1,277,416	\$ -	\$ 7,136,845

See Independent Auditor's Report.

Volunteers of America of Kentucky, Inc. and Affiliates
Consolidating Statement of Activities and Changes in Net Assets
Year Ended June 30, 2014

	VOA of Kentucky Inc.	VOA Property Corporation of Louisville, Inc.	VOA of Northern Kentucky, Inc.	Various HUD Properties	Elimination	Consolidated Totals
Revenues						
Support and Revenues From Operations						
Public Support Received Directly						
Contributions	\$ 1,025,879	\$ 122,000	\$ -	\$ -	\$ -	\$ 1,147,879
Contributions, in-kind	909,615	-	-	-	-	909,615
Public support: capital and bequests	157,595	-	-	-	-	157,595
Special events	91,319	-	-	-	-	91,319
Public Support Received Indirectly						
United Way allocation	365	-	95,654	-	-	96,019
Volunteers of America awards and grants	127,209	-	-	-	-	127,209
Total Public Support	2,311,982	122,000	95,654	-	-	2,529,636
Revenue and Grants						
Fee-for-service revenue	12,756,158	-	2,275,456	-	-	15,031,614
Federal and state grants	8,427,135	-	-	-	-	8,427,135
Program service fees	78,839	853,277	133,762	-	(329,350)	736,528
Rental income	-	119,092	-	235,392	(53,992)	300,492
Forgiveness of debt	27,932	-	-	-	-	27,932
Miscellaneous revenue	2,894,807	100	5,276	3,066	(2,742,242)	161,007
Total Revenue and Grants	24,184,871	972,469	2,414,494	238,458	(3,125,584)	24,684,708
Net assets released from restrictions, satisfaction of program activities	309,117	-	-	-	-	309,117
Total Support and Revenues From Operations	26,805,970	1,094,469	2,510,148	238,458	(3,125,584)	27,523,461

Volunteers of America of Kentucky, Inc. and Affiliates
Consolidating Statement of Activities and Changes in Net Assets (Continued)
Year Ended June 30, 2014

	VOA of Kentucky 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	14,919,811	932,084	2,395,548	246,081	(2,260,156)	16,233,368
Promoting self-sufficiency	7,610,961	-	-	-	(850,331)	6,760,630
Total Program Services	22,530,772	932,084	2,395,548	246,081	(3,110,487)	22,993,998
Support Services and Fundraising						-
Management and general	2,825,899	-	-	-	(14,236)	2,811,663
Fundraising	889,868	-	-	-	(861)	889,007
Administrative fees paid to National Organization	543,009	-	-	-	-	543,009
Total Support Services and Fundraising	4,258,776	-	-	-	(15,097)	4,243,679
Total Operating Expenses	26,789,548	932,084	2,395,548	246,081	(3,125,584)	27,237,677
Increase (Decrease) in Net Assets From Operations	16,422	162,385	114,600	(7,623)	-	285,784
Nonoperating Gains (Losses) and Other Income (Expense)						
Gain on sale of real estate	-	145,719	-	15	-	145,734
Interest and dividend income	47,894	-	-	-	-	47,894
Net realized and unrealized gain (loss) on investments	104,680	-	-	-	-	104,680
Miscellaneous expense	-	(1,578)	-	-	-	(1,578)
Nonoperating Gains (Losses) and Other Income (Expense)	152,574	144,141	-	15	-	296,730
Increase (Decrease) in Unrestricted Net Assets	168,996	306,526	114,600	(7,608)	-	582,514
Temporarily Restricted Net Assets						
Contributions	76,000	-	-	-	-	76,000
Net assets released from restriction, satisfaction of program activities	(309,117)	-	-	-	-	(309,117)
Decrease in Temporarily Restricted Net Assets	(233,117)	-	-	-	-	(233,117)
Permanently Restricted Net Assets						
Net realized and unrealized gain (loss) on investments	11,794	-	-	-	-	11,794
Increase (Decrease) in Net Assets	(52,327)	306,526	114,600	(7,608)	-	361,191
Net Assets Beginning of Year	2,066,369	2,857,991	220,278	1,290,546	-	6,435,184
Net Assets End of Year.	\$ 2,014,042	\$ 3,164,517	\$ 334,878	\$ 1,282,938	\$ -	\$ 6,796,375

See Independent Auditor's Report.

Volunteers of America of Kentucky, Inc. and Affiliates
Consolidating Statement of Cash Flows
Year Ended June 30, 2015

	VOA of Kentucky Inc.	VOA Property Corporation of Louisville, Inc.	VOA of Northern Kentucky, Inc.	Various HUD Properties	Elimination	Consolidated Totals
Cash Flows from Operating Activities						
Increase (decrease) in net assets	\$ (720,093)	\$ 816,267	\$ 249,818	\$ (5,522)	\$ -	\$ 340,470
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities						
Depreciation and amortization	158,251	362,642	1,153	52,630	-	574,676
Contributions restricted for long-term purposes	(688,720)	-	-	-	-	(688,720)
Forgiveness of debt	(103,719)	-	-	-	-	(103,719)
Discount on pledges receivable	29,316	-	-	-	-	29,316
Provision for uncollectible pledges receivable	54,350	-	-	-	-	54,350
Provision for uncollectible accounts receivable	2,399	-	-	-	-	2,399
Realized and unrealized loss on investments	45,250	-	-	-	-	45,250
Loss on sale of real estate	-	-	36,020	-	-	36,020
Change in:						
Accounts receivable, net	17,838	47,155	(239,068)	(234)	261,611	87,302
Grants receivable	76,000	-	-	-	-	76,000
Pledges receivable, net	(114,821)	-	-	-	-	(114,821)
Prepaid expenses and other current assets	(71,666)	(417,499)	(50,000)	-	577,405	38,240
Accounts payable	213,000	(248)	(1,427)	2,663	(261,611)	(47,623)
Accrued expenses	(108,008)	-	(15,430)	1,725	-	(121,713)
Other current liabilities	458,170	(988)	(498)	(12,484)	(577,405)	(133,205)
Net Cash Provided by (Used in) Operating Activities	(752,453)	807,329	(19,432)	38,778	-	74,222
Cash Flows from Investing Activities						
Purchases of property and equipment	(54,776)	(672,613)	-	-	-	(727,389)
Proceeds from sale of real estate	-	-	201,863	-	-	201,863
Purchase of investments	(544,672)	-	-	-	-	(544,672)
Proceeds from sale of investments	500,167	-	-	-	-	500,167
Changes in restricted deposits and funded reserves, net	-	-	-	(18,220)	-	(18,220)
Changes in amounts due from related parties	-	-	-	-	-	-
Net Cash Provided by (Used in) Investing Activities	(99,281)	(672,613)	201,863	(18,220)	-	(588,251)
Cash Flows from Financing Activities						
Proceeds from contributions restricted for long-term purposes	639,135	-	-	-	-	639,135
Net activity on lines of credit	-	-	-	-	-	-
Payments on long-term debt	(53,144)	(131,031)	(156,158)	(32,110)	-	(372,443)
Proceeds from long-term debt	400,000	-	-	-	-	400,000
Net Cash Provided by (Used in) Financing Activities	985,991	(131,031)	(156,158)	(32,110)	-	666,692
Net Increase (Decrease) in Cash and Cash Equivalents	134,257	3,685	26,273	(11,552)	-	152,663
Cash and Cash Equivalents Beginning of Year	341,148	27,252	22,213	41,699	-	432,312
Cash and Cash Equivalents End of Year	\$ 475,405	\$ 30,937	\$ 48,486	\$ 30,147	\$ -	\$ 584,975

See Independent Auditor's Report.

Volunteers of America of Kentucky, Inc. and Affiliates
Consolidating Statement of Cash Flows
Year Ended June 30, 2014

	VOA of Kentucky Inc.	VOA Property Corporation of Louisville, Inc.	VOA of Northern Kentucky, Inc.	Various HUD Properties	Elimination	Consolidated Totals
Cash Flows from Operating Activities						
Increase (decrease) in net assets	\$ (52,327)	\$ 306,526	\$ 114,600	\$ (7,608)	\$ -	\$ 361,191
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities						
Depreciation and amortization	107,958	306,755	12,341	52,921	-	479,975
Forgiveness of debt	(27,932)	-	-	-	-	(27,932)
Discount on pledges receivable	(4,847)	-	-	-	-	(4,847)
Provision for uncollectible pledges receivable	(5,635)	-	-	-	-	(5,635)
Provision for uncollectible accounts receivable	(29,404)	-	-	-	-	(29,404)
Realized and unrealized gain on investments	(116,474)	-	-	-	-	(116,474)
Gain on sale of real estate	-	(145,719)	-	-	-	(145,719)
Change in:						
Accounts receivable, net	962,727	(23,028)	14,004	(7)	379,230	574,466
Grants receivable	233,117	-	-	-	-	233,117
Pledges receivable, net	(2,918)	-	-	-	-	(2,918)
Prepaid expenses and other current assets	62,837	59,647	4,983	-	209,348	(81,881)
Accounts payable	(132,502)	(133,824)	7,863	2,867	(6,034)	(249,562)
Accrued expenses	270,614	-	(18,771)	-	-	251,843
Other current liabilities	(153,741)	(11,216)	(373,168)	(1,560)	(582,544)	42,859
Net Cash Provided (Used in) Operating Activities	1,111,473	359,141	(238,148)	46,613	-	1,279,079
Cash Flows from Investing Activities						
Purchases of property and equipment	(16,518)	(383,099)	-	(10,740)	-	(410,357)
Proceeds from sale of real estate	-	196,662	-	-	-	196,662
Purchase of investments	(182,844)	-	-	-	-	(182,844)
Proceeds from sale of investments	65,478	-	-	-	-	65,478
Changes in restricted deposits and funded reserves, net	-	-	-	(1,215)	-	(1,215)
Net Cash Provided (Used in) Investing Activities	(133,884)	(186,437)	-	(11,955)	-	(332,276)
Cash Flows from Financing Activities						
Net activity on lines of credit	(993,157)	(4,926)	-	-	-	(998,083)
Payments on long-term debt	(7,538)	(163,048)	(9,257)	(29,520)	-	(209,363)
Proceeds from long-term debt	250,000	-	-	-	-	250,000
Net Cash Provided by (Used in) Financing Activities	(750,695)	(167,974)	(9,257)	(29,520)	-	(957,446)
Net Increase (Decrease) in Cash and Cash Equivalents	226,894	4,730	(247,405)	5,138	-	(10,643)
Cash and Cash Equivalents Beginning of Year	114,254	22,522	269,618	36,561	-	442,955
Cash and Cash Equivalents End of Year	\$ 341,148	\$ 27,252	\$ 22,213	\$ 41,699	\$ -	\$ 432,312

See Independent Auditor's Report.