

Volunteers of America Mid-States, Inc. and Affiliates
Consolidated Financial Statements
Years Ended June 30, 2019 and 2018

Volunteers of America Mid-States, Inc. and Affiliates

Table of Contents

Years Ended June 30, 2019 and 2018

	<u>Page</u>
Independent Auditor's Report.....	1 - 2
Consolidated Financial Statements	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities and Changes in Net Assets	4 - 5
Consolidated Statements of Functional Expenses	6 - 7
Consolidated Statements of Cash Flows.....	8
Notes to Consolidated Financial Statements.....	9 - 20
Supplementary Information	
Consolidating Statements of Financial Position	21 - 24
Consolidating Statements of Activities and Changes in Net Assets	25 - 28
Consolidating Statements of Cash Flows.....	29 - 30

Independent Auditor's Report

To the Board of Directors

Volunteers of America Mid-States, Inc. and Affiliates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Volunteers of America Mid-States, Inc. and Affiliates (the "Organization"), which are comprised of the consolidated statements of financial position as of June 30, 2019 and 2018, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

MCM CPAs & Advisors LLP

P 502.749.1900

F 502.749.1930

2600 Meidinger Tower

462 South Fourth Street

Louisville, KY 40202

www.mcmcpa.com

888.587.1719

A Member of PrimeGlobal – An Association
of Independent Accounting Firms

Kentucky
Indiana
Ohio

Independent Auditor's Report (Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Volunteers of America Mid-States, Inc. and Affiliates as of June 30, 2019 and 2018, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B1, Volunteers of America Mid-States, Inc. and Affiliates has adopted Financial Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating information as of and for the years ended June 30, 2019 and 2018 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Louisville, Kentucky
November 14, 2019

Volunteers of America Mid-States, Inc. and Affiliates
Consolidated Statements of Financial Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash	\$ 330,428	\$ 145,734
Accounts receivable, net	2,932,383	3,164,667
Pledges receivable, net	1,801,303	1,309,567
Prepaid expenses and other current assets	<u>190,447</u>	<u>206,382</u>
Total Current Assets	5,254,561	4,826,350
Property and Equipment, net of accumulated depreciation	7,886,582	7,907,847
Other Assets		
Investments, restricted	59,943	59,664
Investments	1,516,217	1,438,891
Restricted deposits and funded reserves	153,757	111,908
Pledges receivable, net	<u>1,244,894</u>	<u>1,080,119</u>
Total Other Assets	<u>2,974,811</u>	<u>2,690,582</u>
Total Assets	<u><u>\$ 16,115,954</u></u>	<u><u>\$ 15,424,779</u></u>
Liabilities and Net Assets		
Current Liabilities		
Checks issued in excess of cash	\$ -	\$ 147,996
Accounts payable	231,518	206,835
Accrued expenses	1,459,675	1,449,252
Other current liabilities	173,408	22,939
Line of credit	2,600,000	1,125,000
Current maturities of long-term debt	<u>411,694</u>	<u>460,479</u>
Total Current Liabilities	4,876,295	3,412,501
Long-term Debt, less current maturities	1,318,602	1,731,136
Net Assets		
Without donor restrictions	5,631,640	6,778,869
With donor restrictions	<u>4,289,417</u>	<u>3,502,273</u>
Total Net Assets	<u>9,921,057</u>	<u>10,281,142</u>
Total Liabilities and Net Assets	<u><u>\$ 16,115,954</u></u>	<u><u>\$ 15,424,779</u></u>

See accompanying notes.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidated Statement of Activities and Changes in Net Assets
Year Ended June 30, 2019 with Comparative Totals for the Year Ended June 30, 2018

	2019			
	Without Donor Restrictions	With Donor Restrictions	Total	2018 Total
Revenues				
Support and revenues from operations				
Public support received directly				
Contributions	\$ 1,652,799	\$ 276,399	\$ 1,929,198	\$ 1,822,964
Contributions, in-kind	269,494	-	269,494	272,332
Public support: capital and bequests	56,880	583,700	640,580	1,518,321
Special events	150,521	-	150,521	178,931
Public support received indirectly				
United Way allocation	84,066	-	84,066	89,438
Volunteers of America awards and grants	115,073	-	115,073	115,150
Total Public Support	2,328,833	860,099	3,188,932	3,997,136
Revenue and grants				
Fee-for-service revenue	13,104,899	-	13,104,899	12,815,754
Federal and state grants	9,508,911	516,513	10,025,424	10,813,758
Program service fees	2,691,482	-	2,691,482	1,636,831
Rental income	296,424	-	296,424	249,831
Miscellaneous revenue	32,599	-	32,599	60,029
Total Revenue and Grants	25,634,315	516,513	26,150,828	25,576,203
Net Assets Released from Restrictions				
Satisfaction of program activities	412,137	(412,137)	-	-
Satisfaction of capital improvements	177,610	(177,610)	-	-
Total Support and Revenues from Operations	28,552,895	786,865	29,339,760	29,573,339
Expenses				
Operating expenses				
Program services				
Fostering independence	13,359,071	-	13,359,071	13,369,211
Promoting self-sufficiency	11,112,168	-	11,112,168	9,789,797
Total Program Services	24,471,239	-	24,471,239	23,159,008
Support services and fundraising				
Management and general	4,513,930	-	4,513,930	4,237,072
Fundraising	865,600	-	865,600	855,583
Total Support Services and Fundraising	5,379,530	-	5,379,530	5,092,655
Total Operating Expenses	29,850,769	-	29,850,769	28,251,663
Change in Net Assets from Operations	(1,297,874)	786,865	(511,009)	1,321,676
Nonoperating Gains and Other Income				
Gain on sale of property and equipment	-	-	-	99,294
Miscellaneous income	65,017	-	65,017	-
Interest and dividend income	69,779	-	69,779	52,255
Net realized and unrealized gains on investments	15,849	279	16,128	71,891
Nonoperating Gains and Other Income	150,645	279	150,924	223,440
Change in Net Assets	(1,147,229)	787,144	(360,085)	1,545,116
Net Assets, beginning of year	6,778,869	3,502,273	10,281,142	8,736,026
Net Assets, end of year	\$ 5,631,640	\$ 4,289,417	\$ 9,921,057	\$10,281,142

See accompanying notes.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidated Statement of Activities and Changes in Net Assets
Year Ended June 30, 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Support and revenues from operations			
Public support received directly			
Contributions	\$ 1,493,206	\$ 329,758	\$ 1,822,964
Contributions, in-kind	272,332	-	272,332
Public support: capital and bequests	206,930	1,311,391	1,518,321
Special events	178,931	-	178,931
Public support received indirectly			
United Way allocation	89,438	-	89,438
Volunteers of America awards and grants	115,150	-	115,150
Total Public Support	2,355,987	1,641,149	3,997,136
Revenue and grants			
Fee-for-service revenue	12,815,754	-	12,815,754
Federal and state grants	9,813,758	1,000,000	10,813,758
Program service fees	1,636,831	-	1,636,831
Rental income	249,831	-	249,831
Miscellaneous revenue	60,029	-	60,029
Total Revenue and Grants	24,576,203	1,000,000	25,576,203
Net Assets Released from Restrictions			
Satisfaction of program activities	314,209	(314,209)	-
Satisfaction of capital improvements	2,017,526	(2,017,526)	-
Total Support and Revenues from Operations	29,263,925	309,414	29,573,339
Expenses			
Operating expenses			
Program services			
Fostering independence	13,369,211	-	13,369,211
Promoting self-sufficiency	9,789,797	-	9,789,797
Total Program Services	23,159,008	-	23,159,008
Support services and fundraising			
Management and general	4,237,072	-	4,237,072
Fundraising	855,583	-	855,583
Total Support Services and Fundraising	5,092,655	-	5,092,655
Total Operating Expenses	28,251,663	-	28,251,663
Change in Net Assets from Operations	1,012,262	309,414	1,321,676
Nonoperating Gains and Other Income			
Gain on sale of property and equipment	99,294	-	99,294
Interest and dividend income	52,255	-	52,255
Net realized and unrealized gains on investments	67,738	4,153	71,891
Nonoperating Gains and Other Income	219,287	4,153	223,440
Change in Net Assets	1,231,549	313,567	1,545,116
Net Assets, beginning of year	5,547,320	3,188,706	8,736,026
Net Assets, end of year	\$ 6,778,869	\$ 3,502,273	\$ 10,281,142

See accompanying notes.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidated Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services			Support Services			Total Operating Expenses
	Fostering Independence	Promoting Self-sufficiency	Total	Management and General	Fundraising	Total	
Salaries and wages	\$ 8,772,335	\$ 4,718,008	\$ 13,490,343	\$ 2,080,330	\$ 309,980	\$ 2,390,310	\$ 15,880,653
Employee benefits	1,457,960	820,300	2,278,260	83,151	59,175	142,326	2,420,586
Professional services	944,380	833,084	1,777,464	1,409,910	54,801	1,464,711	3,242,175
Program supplies and equipment	194,536	477,524	672,060	65,776	71,328	137,104	809,164
Office supplies and expenses	139,639	149,290	288,929	349,487	32,510	381,997	670,926
Occupancy	615,878	799,086	1,414,964	43,424	42,052	85,476	1,500,440
Interest	13,839	-	13,839	166,133	-	166,133	179,972
Travel, conferences and meetings	362,424	265,647	628,071	206,403	44,939	251,342	879,413
Specific assistance	214,763	2,712,453	2,927,216	19,605	30,183	49,788	2,977,004
Other	8,258	314,095	322,353	35,936	220,632	256,568	578,921
Depreciation and amortization	635,059	22,681	657,740	53,775	-	53,775	711,515
Total Functional Expenses	<u>\$ 13,359,071</u>	<u>\$ 11,112,168</u>	<u>\$ 24,471,239</u>	<u>\$ 4,513,930</u>	<u>\$ 865,600</u>	<u>\$ 5,379,530</u>	<u>29,850,769</u>

See accompanying notes.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidated Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services			Support Services			Total Operating Expenses
	Fostering Independence	Promoting Self-sufficiency	Total	Management and General	Fundraising	Total	
Salaries and wages	\$ 8,587,471	\$ 4,119,251	\$ 12,706,722	\$ 1,894,512	\$ 334,260	\$ 2,228,772	\$ 14,935,494
Employee benefits	1,387,023	700,064	2,087,087	280,782	64,951	345,733	2,432,820
Professional services	919,179	469,420	1,388,599	1,097,580	61,769	1,159,349	2,547,948
Program supplies and equipment	245,340	589,679	835,019	226,699	74,982	301,681	1,136,700
Office supplies and expenses	152,635	139,934	292,569	276,444	92,545	368,989	661,558
Occupancy	676,179	666,370	1,342,549	57,886	69,246	127,132	1,469,681
Interest	14,057	-	14,057	81,019	-	81,019	95,076
Travel, conferences and meetings	442,006	274,052	716,058	212,292	31,651	243,943	960,001
Specific assistance	371,580	2,782,085	3,153,665	15,100	20,038	35,138	3,188,803
Other	3,869	26,032	29,901	57,263	106,141	163,404	193,305
Depreciation and amortization	569,872	22,910	592,782	37,495	-	37,495	630,277
Total Functional Expenses	<u>\$ 13,369,211</u>	<u>\$ 9,789,797</u>	<u>\$ 23,159,008</u>	<u>\$ 4,237,072</u>	<u>\$ 855,583</u>	<u>\$ 5,092,655</u>	<u>28,251,663</u>

See accompanying notes.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidated Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (360,085)	\$ 1,545,116
Adjustments to reconcile change in net assets to net (used in) cash provided by operating activities		
Depreciation and amortization	711,515	630,277
Contributions restricted for long-term purposes	(1,113,033)	(2,457,130)
Provision for uncollectible pledges and accounts receivable	441,207	98,030
Realized and unrealized gains on investments	(16,128)	(71,891)
Gain on sale of property and equipment	-	(99,294)
Changes in operating assets and liabilities		
Accounts receivable, net	232,264	188,579
Pledges receivable, net	(653,412)	500,599
Prepaid expenses and other current assets	15,935	148,449
Accounts payable	24,683	(136,785)
Checks issued in excess of cash	(147,996)	(23,740)
Accrued expenses	10,423	106,854
Other current liabilities	83,201	22,659
Net Cash (Used in) Provided by Operating Activities	(771,426)	451,723
Cash Flows from Investing Activities		
Purchases of property and equipment	(690,250)	(2,943,079)
Proceeds from sale of property and equipment	-	153,177
Purchase of investments	(486,852)	(1,741,626)
Proceeds from sale of investments	425,375	1,695,699
Changes in restricted deposits and funded reserves, net	(41,849)	(26,587)
Net Cash Used in Investing Activities	(793,576)	(2,862,416)
Cash Flows from Financing Activities		
Proceeds from contributions restricted for long-term purposes	668,747	1,670,117
Net activity on line of credit	1,542,268	(650,000)
Payments on long-term debt	(461,319)	(512,195)
Proceeds from long-term debt	-	1,900,000
Net Cash Provided by Financing Activities	1,749,696	2,407,922
Increase (Decrease) in Cash and Cash Equivalents	184,694	(2,771)
Cash and Cash Equivalents, beginning of year	145,734	148,505
Cash and Cash Equivalents, end of year	<u>\$ 330,428</u>	<u>\$ 145,734</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 174,400	\$ 97,174

See accompanying notes.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements
Years Ended June 30, 2019 and 2018

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, 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.

The Affiliates consist of VOA Property Corporation of Louisville, Inc., VOA of Northern Kentucky, Inc. and six 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 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 Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

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.

On August 16, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in the information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

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 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 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, 2019 and 2018

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, exchanged-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 \$164,045 and \$193,476 at June 30, 2019 and 2018 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 \$137,345 and \$134,644 at June 30, 2019 and 2018 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. Donated assets are similarly capitalized using the fair value of the asset as of the date donated. Depreciation expense was \$711,515 and \$630,277 for the years ended June 30, 2019 and 2018 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 2019 or 2018.

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.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note B - Summary of Significant Accounting Policies (Continued)

14. 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.
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 \$269,494 and \$272,332 for the years ended June 30, 2019 and 2018, 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, 2019 and 2018 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 \$221,998 and \$214,224 for the years ended June 30, 2019 and 2018 respectively, and is included in printing and publications in the consolidated statements of functional expenses.
19. 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 and require allocation 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.
20. Recent Accounting Pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the fiscal year ending June 30, 2020. The Organization evaluated the impact of the adoption of ASU 2014-09 on the financial statements and does not expect to have a material impact from the adoption of ASU 2014-09 as of July 1, 2019.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note B - Summary of Significant Accounting Policies (Continued)

20. Recent Accounting Pronouncements (Continued): In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard should assist entities in 1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and 2) determining whether a contribution is conditional. This standard will be effective for the fiscal year ending June 30, 2020. The Organization evaluated the impact of the adoption of ASU 2018-08 on the financial statements and does not expect to have a material impact from the adoption of ASU 2018-08 as of July 1, 2019.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 820)*. This standard requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Consequently, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statement of cash flows. This standard will be effective for the fiscal year ending June 30, 2020.

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, 2022.

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 ASU 2016-18, ASU 2016-02 and ASU 2016-13 and their related impact on the Organization's consolidated financial statements.

21. Reclassifications: Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 presentation. The reclassifications had no effect on net assets or the change in net assets.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note C - Liquidity and Availability of Resources

The Organization's assets available within one year of the statement of financial position date for general expenditures as of June 30, 2019 and 2018 are as follows:

	2019	2018
Cash and Cash Equivalents	\$ 330,428	\$ 145,734
Accounts Receivable	2,932,383	3,164,667
Pledges Receivable	3,046,197	2,389,686
Investments	1,576,160	1,498,555
Restricted Deposits and Funded Reserves	<u>153,757</u>	<u>111,908</u>
	8,038,925	7,310,550
Less Amounts Not Available to be Used Within One Year		
Restricted by donors due to time or purpose	2,917,877	2,131,012
HUD capital advances	1,311,597	1,311,597
Restricted deposits and funded reserves	153,757	111,908
Funds held in trust by others restricted in perpetuity	<u>59,943</u>	<u>59,664</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 3,595,751</u>	<u>\$ 3,696,369</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.

Note D - Pledges Receivable

Pledges receivable at June 30, 2019 and 2018 consists of the following:

	2019	2018
Pledges Receivable	\$ 3,314,131	\$ 2,676,491
Less Unamortized Discount	130,589	152,161
Less Allowance for Uncollectible Pledges	<u>137,345</u>	<u>134,644</u>
	<u>\$ 3,046,197</u>	<u>\$ 2,389,686</u>
Amounts Due in		
Less than one year	\$ 1,801,303	\$ 1,309,567
One to five years	<u>1,512,828</u>	<u>1,366,924</u>
	<u>\$ 3,314,131</u>	<u>\$ 2,676,491</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, 2019 and 2018.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note E - Property and Equipment

Property and equipment at June 30, 2019 and 2018 consists of the following:

	2019	2018
Land	\$ 591,311	\$ 591,311
Buildings and Improvements	10,704,662	10,277,067
Vehicles	2,336,502	2,189,771
Furniture and Equipment	2,504,099	2,370,970
Construction in Progress	-	17,205
	16,136,574	15,446,324
Less accumulated depreciation	8,249,992	7,538,477
	<u>\$ 7,886,582</u>	<u>\$ 7,907,847</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, 2019 and 2018.

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. 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.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note F - 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, 2019:

	Investments at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 23,110	\$ -	\$ -	\$ 23,110
Exchange Traded Funds	161,526	-	-	161,526
Mutual Funds	1,230,254	-	-	1,230,254
Funds Held in Trust by Others	-	161,270	-	161,270
	<u>\$ 1,414,890</u>	<u>\$ 161,270</u>	<u>\$ -</u>	<u>\$ 1,576,160</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2018:

	Investments at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 26,983	\$ -	\$ -	\$ 26,983
Mutual Funds	1,316,986	-	-	1,316,986
Funds Held in Trust by Others	-	154,586	-	154,586
	<u>\$ 1,343,969</u>	<u>\$ 154,586</u>	<u>\$ -</u>	<u>\$ 1,498,555</u>

Included in investments is \$161,270 and \$154,586 at June 30, 2019 and 2018 respectively, which is invested in a fund at The Community Foundation of Louisville. Terms of the fund allow the Organization to have access to \$101,328 and \$94,923 of these investments at June 30, 2019 and 2018, respectively, with the balance restricted for investment in perpetuity.

Note G - Line of Credit

The Organization has a line of credit with PNC Bank which provided for borrowings up to \$2,300,000. In March 2019, terms of the line of credit were amended to increase the maximum borrowing to \$2,800,000. Outstanding balances bear interest at the daily LIBOR rate plus 2.50% (4.89% at June 30, 2019). The line is secured by real estate and expires December 31, 2019. The outstanding balance on this line of credit is \$2,600,000 and \$1,125,000 as of June 30, 2019 and 2018, respectively.

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note H - Long-term Debt

Long-term debt at June 30, 2019 and 2018 consists of the following:

	<u>2019</u>	<u>2018</u>
Note payable to PNC Bank, bearing interest at LIBOR plus 2.50% (4.89% at June 30, 2019) payable in monthly principal and interest installments of \$10,397 through November 2026.	\$ 769,715	\$ 853,138
Equipment line of credit note to PNC Bank with available borrowing up to \$700,000 at which time the line of credit converts to a term note. Line of credit converted to term note on June 28, 2018. Term note bears 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.	573,743	700,000
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.	205,765	267,640
Note payable to PNC Bank, interest rate of 3.75%, payable in monthly principal and interest installments of \$7,332 through May 2020.	78,509	161,796
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.	68,054	85,242
Mortgage payable to First Tennessee Bank, interest rate of 4.17%, payable in monthly principal and interest installments of \$3,902 through October 2020.	34,510	78,773
Note payable to PNC Bank, interest rate of 3.75%, payable in monthly principal and interest installments of \$4,583 through April 2019.	<u>-</u>	<u>45,026</u>
	1,730,296	2,191,615
Less current maturities	<u>411,694</u>	<u>460,479</u>
	<u>\$ 1,318,602</u>	<u>\$ 1,731,136</u>

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

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note H - Long-term Debt (Continued)

At June 30, 2019, the aggregate annual maturities of principal payments on the notes payable are:

<u>Year Ending June 30</u>	
2020	\$ 411,694
2021	314,198
2022	330,296
2023	283,550
2024	107,980
Thereafter	<u>282,578</u>
	<u><u>\$ 1,730,296</u></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, 2019 and 2018 totaled \$671,130 and \$622,371, respectively. Service fees due and payable to the National Organization as of June 30, 2019 and 2018 were \$39,515 and \$0, respectively.

The Organization contributed \$10,718 and \$10,654 for the years ended June 30, 2019 and 2018 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, 2019 and 2018, the Organization was due \$88,444 and \$81,388 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, 2019 and 2018 was \$60,416 and \$64,268 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 Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

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 \$42 to \$6,347. These leases expire at various dates through June 30, 2024. The Organization also leases multiple properties on a month-to-month basis. Total lease expense for the years ended June 30, 2019 and 2018 was \$1,018,160 and \$1,038,431, respectively.

The aggregate future minimum lease payments as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	
2020	\$ 393,193
2021	184,836
2022	125,642
2023	37,065
2024	<u>656</u>
	<u>\$ 741,392</u>

Note M - Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Subject to Time or Expenditure for Specified Purpose		
Outpatient Addiction Recovery - Kentucky and Clark and Floyd Counties in Indiana	\$ 1,483,712	\$ 1,063,239
HUD Capital Advances	1,311,597	1,311,597
Second Street Project	848,763	921,313
Recovery Community Care Center	469,577	-
Education, Supplies, Bedding	64,949	70,786
Moral Injury Training	25,831	3,031
Falcon Crest	17,120	-
Shelby Mens Veterans Program	5,000	5,000
Transitional Housing - Veterans	2,925	4,580
Rehousing Families	-	863
iChooseWell: Healthy Choices for Women and Families	<u>-</u>	<u>62,200</u>
Total Subject to Time or Expenditure for Specified Purpose	4,229,474	3,442,609
Funds Held in Trust by Others in Perpetuity	<u>59,943</u>	<u>59,664</u>
Total Net Assets with Donor Restrictions	<u>\$ 4,289,417</u>	<u>\$ 3,502,273</u>

Volunteers of America Mid-States, Inc. and Affiliates
Notes to Consolidated Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note M - Net Assets with Donor Restrictions (Continued)

The following entities have capital advances from HUD as of both June 30, 2019 and 2018:

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 net assets with donor restrictions.

Note N - 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.

Note O - Subsequent Event

On July 1, 2019 the Organization assumed the sponsorship of the Nashville VOA Living Center HUD properties from the Volunteers of America Inc. As a result, the Organization will receive assets totaling approximately \$913,000 and assume liabilities totaling approximately \$46,000. The Organization will continue to manage these four HUD properties in its Developmental Disabilities programs in Nashville.

Supplementary Information

Volunteers of America Mid-States, Inc. and Affiliates
Consolidating Statement of Financial Position
June 30, 2019

	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	\$ 184,313	\$ 23,117	\$ 23,030	\$ 99,968	\$ -	\$ 330,428
Accounts receivable, net	2,784,595	10,322	952,024	848	(815,406)	2,932,383
Pledges receivable, net	1,801,303	-	-	-	-	1,801,303
Prepaid expenses and other current assets	3,345,836	11,082	66,650	-	(3,233,121)	190,447
Total Current Assets	8,116,047	44,521	1,041,704	100,816	(4,048,527)	5,254,561
Property and Equipment						
Land and buildings	595,777	9,054,410	-	1,645,786	-	11,295,973
Furniture and equipment	1,390,519	3,430,552	8,032	11,498	-	4,840,601
Less accumulated depreciation	1,675,789	6,127,386	8,032	438,785	-	8,249,992
Total Property and Equipment	310,507	6,357,576	-	1,218,499	-	7,886,582
Other Assets						
Investments, restricted	59,943	-	-	-	-	59,943
Investments	1,516,217	-	-	-	-	1,516,217
Restricted deposits and funded reserves	-	-	-	153,757	-	153,757
Pledges receivable, net	1,244,894	-	-	-	-	1,244,894
Total Other Assets	2,821,054	-	-	153,757	-	2,974,811
Total Assets	<u>\$ 11,247,608</u>	<u>\$ 6,402,097</u>	<u>\$ 1,041,704</u>	<u>\$ 1,473,072</u>	<u>\$ (4,048,527)</u>	<u>\$ 16,115,954</u>

See independent auditor's report.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidating Statement of Financial Position (Continued)
June 30, 2019

	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						
Checks issued in excess of cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	1,028,780	3,172,387	13,354	65,524	(4,048,527)	231,518
Accrued expenses	1,377,065	-	64,918	17,692	-	1,459,675
Other current liabilities	67,268	95,028	11,112	-	-	173,408
Line of credit	2,600,000	-	-	-	-	2,600,000
Current maturities of long-term debt	358,073	34,510	-	19,111	-	411,694
Total Current Liabilities	5,431,186	3,301,925	89,384	102,327	(4,048,527)	4,876,295
Long-term Debt, less current maturities	1,269,659	-	-	48,943	-	1,318,602
Net Assets						
Without donor restrictions	1,568,943	3,100,172	952,320	10,205	-	5,631,640
With donor restrictions	2,977,820	-	-	1,311,597	-	4,289,417
Total Net Assets	4,546,763	3,100,172	952,320	1,321,802	-	9,921,057
Total Liabilities and Net Assets	\$ 11,247,608	\$ 6,402,097	\$ 1,041,704	\$ 1,473,072	\$ (4,048,527)	\$ 16,115,954

See independent auditor's report.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidating Statement of Financial Position
June 30, 2018

	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	\$ 28,069	\$ 16,611	\$ 9,979	\$ 91,075	\$ -	\$ 145,734
Accounts receivable, net	3,018,541	13,701	822,078	1,702	(691,355)	3,164,667
Pledges receivable, net	1,309,567	-	-	-	-	1,309,567
Prepaid expenses and other current assets	2,950,880	15,909	66,650	-	(2,827,057)	206,382
Total Current Assets	7,307,057	46,221	898,707	92,777	(3,518,412)	4,826,350
Property and Equipment						
Land and buildings	552,180	8,670,412	-	1,645,786	-	10,868,378
Furniture and equipment	1,384,783	3,173,633	8,032	11,498	-	4,577,946
Less accumulated depreciation	1,587,906	5,551,284	8,032	391,255	-	7,538,477
Total Property and Equipment	349,057	6,292,761	-	1,266,029	-	7,907,847
Other Assets						
Investments, restricted	59,664	-	-	-	-	59,664
Investments	1,438,891	-	-	-	-	1,438,891
Restricted deposits and funded reserves	-	-	-	111,908	-	111,908
Pledges receivable, net	1,080,119	-	-	-	-	1,080,119
Total Other Assets	2,578,674	-	-	111,908	-	2,690,582
Total Assets	\$ 10,234,788	\$ 6,338,982	\$ 898,707	\$ 1,470,714	\$ (3,518,412)	\$ 15,424,779

See independent auditor's report.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidating Statement of Financial Position (Continued)
June 30, 2018

	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						
Checks issued in excess of cash	\$ 147,996	\$ -	\$ -	\$ -	\$ -	\$ 147,996
Accounts payable	818,305	2,832,989	10,446	63,507	(3,518,412)	206,835
Accrued expenses	1,375,124	-	56,304	17,824	-	1,449,252
Other current liabilities	-	5,923	17,016	-	-	22,939
Line of credit	1,125,000	-	-	-	-	1,125,000
Current maturities of long-term debt	399,855	43,310	-	17,314	-	460,479
Total Current Liabilities	3,866,280	2,882,222	83,766	98,645	(3,518,412)	3,412,501
Long-term Debt, less current maturities	1,627,745	35,463	-	67,928	-	1,731,136
Net Assets						
Net assets without donor restrictions	2,550,087	3,421,297	814,941	(7,456)	-	6,778,869
Net assets with donor restrictions	2,190,676	-	-	1,311,597	-	3,502,273
Total Net Assets	4,740,763	3,421,297	814,941	1,304,141	-	10,281,142
Total Liabilities and Net Assets	\$ 10,234,788	\$ 6,338,982	\$ 898,707	\$ 1,470,714	\$ (3,518,412)	\$ 15,424,779

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, 2019

	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	\$ 1,647,904	\$ -	\$ 4,895	\$ -	\$ -	\$ 1,652,799
Contributions, in-kind	269,494	-	-	-	-	269,494
Public support: capital and bequests	56,880	-	-	-	-	56,880
Special events	150,521	-	-	-	-	150,521
Public support received indirectly						
United Way allocation	5,766	-	78,300	-	-	84,066
Volunteers of America awards and grants	115,073	-	-	-	-	115,073
Total Public Support	2,245,638	-	83,195	-	-	2,328,833
Revenue and grants						
Fee-for-service revenue	11,044,902	-	2,059,997	-	-	13,104,899
Federal and state grants	9,508,911	-	-	-	-	9,508,911
Program service fees	2,317,366	533,794	139,381	-	(299,059)	2,691,482
Rental income	48,528	95,512	-	247,896	(95,512)	296,424
Miscellaneous revenue	2,945,690	-	-	-	(2,913,091)	32,599
Total Revenue and Grants	25,865,397	629,306	2,199,378	247,896	(3,307,662)	25,634,315
Net assets released from restrictions						
Satisfaction of program activities	412,137	-	-	-	-	412,137
Satisfaction of capital improvements	177,610	-	-	-	-	177,610
Total Support and Revenues from Operations	<u>\$28,700,782</u>	<u>\$ 629,306</u>	<u>\$ 2,282,573</u>	<u>\$ 247,896</u>	<u>\$ (3,307,662)</u>	<u>\$28,552,895</u>

See independent auditor's report.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidating Statement of Activities and Changes in Net Assets (Continued)
Year Ended June 30, 2019

	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	\$ 11,939,881	950,448	\$ 2,145,194	\$ 230,235	\$ (1,906,687)	\$ 13,359,071
Promoting self-sufficiency	12,513,143	-	-	-	(1,400,975)	11,112,168
Total Program Services	24,453,024	950,448	2,145,194	230,235	(3,307,662)	24,471,239
Support services and fundraising						
Management and general	4,513,930	-	-	-	-	4,513,930
Fundraising	865,600	-	-	-	-	865,600
Total Support Services and Fundraising	5,379,530	-	-	-	-	5,379,530
Total Operating Expenses	29,832,554	950,448	2,145,194	230,235	(3,307,662)	29,850,769
Increase (Decrease) in Net Assets from Operations	(1,131,772)	(321,142)	137,379	17,661	-	(1,297,874)
Nonoperating Gains and Other Income						
Miscellaneous income	65,000	17	-	-	-	65,017
Interest and dividend income	69,779	-	-	-	-	69,779
Net realized and unrealized gain on investments	15,849	-	-	-	-	15,849
Nonoperating Gains and Other Income	150,628	17	-	-	-	150,645
Change in Net Assets Without Donor Restrictions	(981,144)	(321,125)	137,379	17,661	-	(1,147,229)
Net Assets with Donor Restrictions						
Contributions	276,399	-	-	-	-	276,399
Public support: capital and bequests	583,700	-	-	-	-	583,700
Federal and state grants	516,513	-	-	-	-	516,513
Net realized and unrealized gain on investments	279	-	-	-	-	279
Net assets released from restriction						
Satisfaction of program activities	(412,137)	-	-	-	-	(412,137)
Satisfaction of capital improvements	(177,610)	-	-	-	-	(177,610)
Change in Net Assets with Donor Restrictions	787,144	-	-	-	-	787,144
Change in Net Assets	(194,000)	(321,125)	137,379	17,661	-	(360,085)
Net Assets, beginning of year	4,740,763	3,421,297	814,941	1,304,141	-	10,281,142
Net Assets, end of year	\$ 4,546,763	\$ 3,100,172	\$ 952,320	\$ 1,321,802	\$ -	\$ 9,921,057

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, 2018

	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	\$ 1,483,206	\$ -	\$ 10,000	\$ -	\$ -	\$ 1,493,206
Contributions, in-kind	272,332	-	-	-	-	272,332
Public support: capital and bequests	206,930	-	-	-	-	206,930
Special events	178,931	-	-	-	-	178,931
Public support received indirectly						
United Way allocation	814	-	88,624	-	-	89,438
Volunteers of America awards and grants	115,150	-	-	-	-	115,150
Total Public Support	2,257,363	-	98,624	-	-	2,355,987
Revenue and grants						
Fee-for-service revenue	10,944,754	-	1,871,000	-	-	12,815,754
Federal and state grants	9,813,758	-	-	-	-	9,813,758
Program service fees	1,207,473	487,932	141,911	-	(200,485)	1,636,831
Rental income	-	95,512	-	249,831	(95,512)	249,831
Miscellaneous revenue	2,811,643	-	-	-	(2,751,614)	60,029
Total Revenue and Grants	24,777,628	583,444	2,012,911	249,831	(3,047,611)	24,576,203
Net assets released from restrictions						
Satisfaction of program activities	314,209	-	-	-	-	314,209
Satisfaction of capital improvements	2,017,526	-	-	-	-	2,017,526
Total Support and Revenues from Operations	<u>\$ 29,366,726</u>	<u>\$ 583,444</u>	<u>\$ 2,111,535</u>	<u>\$ 249,831</u>	<u>\$ (3,047,611)</u>	<u>\$ 29,263,925</u>

See independent auditor's report.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidating Statement of Activities and Changes in Net Assets (Continued)
Year Ended June 30, 2018

	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	\$ 12,026,671	\$ 923,568	\$ 2,006,547	\$ 199,195	\$ (1,786,770)	\$ 13,369,211
Promoting self-sufficiency	11,050,638	-	-	-	(1,260,841)	9,789,797
Total Program Services	23,077,309	923,568	2,006,547	199,195	(3,047,611)	23,159,008
Support services and fundraising						
Management and general	4,237,072	-	-	-	-	4,237,072
Fundraising	855,583	-	-	-	-	855,583
Total Support Services and Fundraising	5,092,655	-	-	-	-	5,092,655
Total Operating Expenses	28,169,964	923,568	2,006,547	199,195	(3,047,611)	28,251,663
Increase (Decrease) in Net Assets from Operations	1,196,762	(340,124)	104,988	50,636	-	1,012,262
Nonoperating Gains and Other Income						
Gain on sale of property and equipment	-	99,294	-	-	-	99,294
Interest and dividend income	52,255	-	-	-	-	52,255
Net realized and unrealized loss on investments	67,738	-	-	-	-	67,738
Nonoperating Gains and Other Income	119,993	99,294	-	-	-	219,287
Change in Net Assets Without Donor Restrictions	1,316,755	(240,830)	104,988	50,636	-	1,231,549
Net Assets With Donor Restrictions						
Contributions	329,758	-	-	-	-	329,758
Public support: capital and bequests	1,311,391	-	-	-	-	1,311,391
Federal and state grants	1,000,000	-	-	-	-	1,000,000
Net realized and unrealized gain on investments	4,153	-	-	-	-	4,153
Net assets released from restriction,						
Satisfaction of program activities	(314,209)	-	-	-	-	(314,209)
Satisfaction of capital improvements	(2,017,526)	-	-	-	-	(2,017,526)
Change in Net Assets With Donor Restrictions	313,567	-	-	-	-	313,567
Change in Net Assets	1,630,322	(240,830)	104,988	50,636	-	1,545,116
Net Assets, beginning of year	3,110,441	3,662,127	709,953	1,253,505	-	8,736,026
Net Assets, end of year	\$ 4,740,763	\$ 3,421,297	\$ 814,941	\$ 1,304,141	\$ -	\$ 10,281,142

See independent auditor's report.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidating Statement of Cash Flows
Year Ended June 30, 2019

	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	\$ (194,000)	\$ (321,125)	\$ 137,379	\$ 17,661	\$ -	\$ (360,085)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities						
Depreciation and amortization	87,883	576,102	-	47,530	-	711,515
Contributions restricted for long-term purposes	(1,113,033)	-	-	-	-	(1,113,033)
Provision for uncollectible pledges and accounts receivable	441,207	-	-	-	-	441,207
Realized and unrealized gain on investments	(16,128)	-	-	-	-	(16,128)
Gain on sale of real estate	-	-	-	-	-	-
Change in						
Accounts receivable, net	233,926	3,379	(129,946)	854	124,051	232,264
Pledges receivable, net	(653,412)	-	-	-	-	(653,412)
Prepaid expenses and other current assets	(394,956)	4,827	-	-	406,064	15,935
Accounts payable	210,475	339,398	2,908	2,017	(530,115)	24,683
Checks issued in excess of cash	(147,996)	-	-	-	-	(147,996)
Accrued expenses	1,941	-	8,614	(132)	-	10,423
Other current liabilities	-	89,105	(5,904)	-	-	83,201
Net Cash (Used in) Provided by Operating Activities	(1,544,093)	691,686	13,051	67,930	-	(771,426)
Cash Flows from Investing Activities						
Purchases of property and equipment	(49,333)	(640,917)	-	-	-	(690,250)
Proceeds from sale of property and equipment	-	-	-	-	-	-
Purchase of investments	(486,852)	-	-	-	-	(486,852)
Proceeds from sale of investments	425,375	-	-	-	-	425,375
Changes in restricted deposits and funded reserves, net	-	-	-	(41,849)	-	(41,849)
Net Cash Used in Investing Activities	(110,810)	(640,917)	-	(41,849)	-	(793,576)
Cash Flows from Financing Activities						
Proceeds from contributions restricted for long-term purposes	668,747	-	-	-	-	668,747
Net activity on lines of credit	1,542,268	-	-	-	-	1,542,268
Payments on long-term debt	(399,868)	(44,263)	-	(17,188)	-	(461,319)
Net Cash Provided by (Used in) Financing Activities	1,811,147	(44,263)	-	(17,188)	-	1,749,696
Net Increase in Cash and Cash Equivalents	156,244	6,506	13,051	8,893	-	184,694
Cash and Cash Equivalents, beginning of year	28,069	16,611	9,979	91,075	-	145,734
Cash and Cash Equivalents, end of year	<u>\$ 184,313</u>	<u>\$ 23,117</u>	<u>\$ 23,030</u>	<u>\$ 99,968</u>	<u>\$ -</u>	<u>\$ 330,428</u>

See independent auditor's report.

Volunteers of America Mid-States, Inc. and Affiliates
Consolidating Statement of Cash Flows
Year Ended June 30, 2018

	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	\$ 1,630,322	\$ (240,830)	\$ 104,988	\$ 50,636	\$ -	\$ 1,545,116
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities						
Depreciation and amortization	92,827	496,295	175	40,980	-	630,277
Contributions restricted for long-term purposes	(2,457,130)	-	-	-	-	(2,457,130)
Provision for uncollectible pledges receivable	98,030	-	-	-	-	98,030
Realized and unrealized gain on investments	(71,891)	-	-	-	-	(71,891)
Gain on sale of real estate	-	(99,294)	-	-	-	(99,294)
Change in						
Accounts receivable, net	181,584	12,283	(92,911)	(540)	88,163	188,579
Pledges receivable, net	500,599	-	-	-	-	500,599
Prepaid expenses and other current assets	(2,432,674)	2,750	(15,471)	-	2,593,844	148,449
Accounts payable	(6,217)	2,565,609	(4,908)	(9,262)	(2,682,007)	(136,785)
Checks issued in excess of cash	(23,740)	-	-	-	-	(23,740)
Accrued expenses	118,491	-	(25,055)	13,418	-	106,854
Other current liabilities	-	5,643	17,016	-	-	22,659
Net Cash (Used in) Provided by Operating Activities	(2,369,799)	2,742,456	(16,166)	95,232	-	451,723
Cash Flows from Investing Activities						
Purchases of property and equipment	(130,118)	(2,812,961)	-	-	-	(2,943,079)
Proceeds from sale of property and equipment	-	153,177	-	-	-	153,177
Purchase of investments	(1,741,626)	-	-	-	-	(1,741,626)
Proceeds from sale of investments	1,695,699	-	-	-	-	1,695,699
Changes in restricted deposits and funded reserves, net	-	-	-	(26,587)	-	(26,587)
Net Cash Used in Investing Activities	(176,045)	(2,659,784)	-	(26,587)	-	(2,862,416)
Cash Flows from Financing Activities						
Proceeds from contributions restricted for long-term purposes	1,670,117	-	-	-	-	1,670,117
Net activity on lines of credit	(650,000)	-	-	-	-	(650,000)
Payments on long-term debt	(427,867)	(66,513)	-	(17,815)	-	(512,195)
Proceeds on long term debt	1,900,000	-	-	-	-	1,900,000
Net Cash Provided by (Used in) Financing Activities	2,492,250	(66,513)	-	(17,815)	-	2,407,922
Net (Decrease) Increase in Cash and Cash Equivalents	(53,594)	16,159	(16,166)	50,830	-	(2,771)
Cash and Cash Equivalents, beginning of year	81,663	452	26,145	40,245	-	148,505
Cash and Cash Equivalents, end of year	\$ 28,069	\$ 16,611	\$ 9,979	\$ 91,075	\$ -	\$ 145,734

See independent auditor's report.