



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B53176

STATE BOARD OF ACCOUNTS
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August 20, 2019

Board of Directors
Volunteers of America of Indiana, Inc.
912 North Delaware Street
Indianapolis, IN 46202

We have reviewed the audit report of Volunteers of America of Indiana, Inc. which was opined upon by HW & Co., Independent Public Accountants, for the period July 1, 2017 to June 30, 2018. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Volunteers of America of Indiana, Inc. as of June 30, 2018 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, HW & Co. prepared the audit report in accordance with guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

Volunteers of America of Indiana, Inc.
(A Non-Profit Organization)

YEARS ENDED JUNE 30, 2018 AND 2017

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

YEARS ENDED JUNE 30, 2018 AND 2017

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Independent Auditor's Report

Board of Directors and Audit Committee
Volunteers of America of Indiana, Inc.
(A Non-Profit Organization)

Report on the Financial Statements

We have audited the accompanying financial statements of Volunteers of America of Indiana, Inc. (the "Organization") (A Non-Profit Organization), which comprise the balance sheets as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. The financial statements for the year ended June 30, 2017 were audited by other auditors, whose report dated November 8, 2017 expressed an unmodified opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

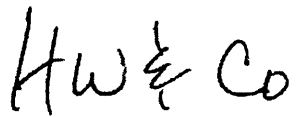
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Volunteers of America of Indiana, Inc. as of June 30, 2018 and 2017, and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of Federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of state and local government financial assistance on page 28, as required by the Indiana State Board of Accounts, is also presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2018 on our consideration of Volunteers of America of Indiana Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Volunteers of America of Indiana Inc.'s internal control over financial reporting and compliance.



Cleveland, Ohio
October 15, 2018

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

BALANCE SHEETS - JUNE 30, 2018 AND 2017

ASSETS

	2018	2017
Current assets:		
Cash and cash equivalents	\$ 798,884	\$ 1,702,190
Accounts receivable, net of allowance of \$7,500 in 2018 and \$219,935 in 2017	1,866,494	1,345,054
Prepaid expenses and other	194,852	42,601
Total current assets	2,860,230	3,089,845
Fixed assets:		
Land and buildings	7,204,636	7,155,482
Furnishings and equipment	2,439,439	2,414,565
Accumulated depreciation	(4,977,437)	(4,740,733)
Total fixed assets	4,666,638	4,829,314
Other assets:		
Long-term investments	970,699	862,463
Other assets	1,531,125	157,046
Total other assets	2,501,824	1,019,509
	\$ 10,028,692	\$ 8,938,668

LIABILITIES AND NET ASSETS

	2018	2017
Current liabilities:		
Accounts payable	\$ 683,455	\$ 259,283
Accrued expenses	658,841	514,088
Contract/grant advances	3,528	86,848
Other current liabilities	122,816	106,019
Total liabilities	1,468,640	966,238
Net assets:		
Unrestricted:		
General	8,075,243	7,542,500
Board designated	355,688	323,413
Total unrestricted	8,430,931	7,865,913
Temporarily restricted	129,121	106,517
Total net assets	8,560,052	7,972,430
	\$ 10,028,692	\$ 8,938,668

See notes to financial statements.

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues from operations:				
Public support received directly:				
Contributions	\$ 212,420	\$ 143,779	\$ -	\$ 356,199
Contributions, in-kind	11,440	-	-	11,440
United Way	630,589	-	-	630,589
Total public support	854,449	143,779	-	998,228
Revenue and grants from governmental agencies	12,810,793	-	-	12,810,793
Other revenue:				
Program service fees	313,820	-	-	313,820
Other operating revenue	625	-	-	625
Total revenue	13,979,687	143,779	-	14,123,466
Net assets released from restrictions	121,175	(121,175)	-	-
Total revenue from operations	14,100,862	22,604	-	14,123,466
Operating expenses:				
Fostering Independence, mental health	595,827	-	-	595,827
Promoting Self-Sufficiency:				
Homeless services	2,676,473	-	-	2,676,473
Substance abuse	4,735,197	-	-	4,735,197
Correctional services	3,886,203	-	-	3,886,203
Total program services	11,893,700	-	-	11,893,700
Management and general	1,745,003	-	-	1,745,003
Resource development	212,884	-	-	212,884
Administrative fees to national organization	274,684	-	-	274,684
Total supporting services	2,232,571	-	-	2,232,571
Total operating expenses	14,126,271	-	-	14,126,271
Excess (shortfall) from operations	(25,409)	22,604	-	(2,805)
Nonoperating gains, losses and other revenue:				
Investment gain	23,358	-	-	23,358
Public support received indirectly, capital grants	506,558	-	-	506,558
Gain on disposition of fixed assets	1,210	-	-	1,210
Unrealized gain on investments	59,301	-	-	59,301
Excess from other activities	590,427	-	-	590,427
Change in net assets	565,018	22,604	-	587,622
Net assets, beginning of year	7,865,913	106,517	-	7,972,430
Net assets, end of year	\$ 8,430,931	\$ 129,121	\$ -	\$ 8,560,052

See notes to financial statements.

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues from operations:				
Public support received directly:				
Contributions	\$ 215,586	\$ 106,517	\$ -	\$ 322,103
Contributions, in-kind	52,225	-	-	52,225
United Way	341,009	-	-	341,009
Total public support	608,820	106,517	-	715,337
Revenue and grants from governmental agencies	11,897,350	-	-	11,897,350
Other revenue:				
Program service fees	598,609	-	-	598,609
Other operating revenue	25,356	-	-	25,356
Total revenue	13,130,135	106,517	-	13,236,652
Net assets released from restrictions	-	-	-	-
Total revenue from operations	13,130,135	106,517	-	13,236,652
Operating expenses:				
Encouraging Positive Development, children and youth	87,369	-	-	87,369
Fostering Independence, mental health	551,626	-	-	551,626
Promoting Self-Sufficiency:				
Homeless services	2,934,789	-	-	2,934,789
Substance abuse	1,646,788	-	-	1,646,788
Correctional services	4,922,531	-	-	4,922,531
Total program services	10,143,103	-	-	10,143,103
Management and general	1,780,375	-	-	1,780,375
Resource development	169,122	-	-	169,122
Administrative fees to national organization	281,880	-	-	281,880
Total supporting services	2,231,377	-	-	2,231,377
Total operating expenses	12,374,480	-	-	12,374,480
Excess from operations	755,655	106,517	-	862,172
Nonoperating gains, losses and other revenue:				
Investment gain	16,808	-	-	16,808
Public support received indirectly, capital grants	18,474	-	-	18,474
Loss on disposition of fixed assets	(17,935)	-	-	(17,935)
Unrealized gain on investments	84,337	-	-	84,337
Excess from other activities	101,684	-	-	101,684
Change in net assets	857,339	106,517	-	963,856
Net assets, beginning of year	7,008,574	-	-	7,008,574
Net assets, end of year	\$ 7,865,913	\$ 106,517	\$ -	\$ 7,972,430

See notes to financial statements.

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services				Supporting Services			Total Program and Supporting Services Total	
	Fostering Independence	Promoting Self-Sufficiency			Program Services Total	Management and General	Resource Development		Supporting Activities Total
	Mental Health	Homeless Services	Substance Abuse	Correctional Services					
Salaries	\$ 329,229	\$ 1,390,543	\$ 2,525,913	\$ 2,110,565	\$ 6,356,250	\$ 813,019	\$ 139,089	\$ 952,108	\$ 7,308,358
Pension expense	14,454	43,669	46,985	79,448	184,556	40,304	5,898	46,202	230,758
Other employee benefits	58,248	148,764	258,788	275,041	740,841	137,304	20,875	158,179	899,020
Payroll taxes	22,559	115,200	208,801	167,172	513,732	97,039	5,857	102,896	616,628
Legal fees	-	-	7,643	-	7,643	12,271	-	12,271	19,914
Accounting fees	-	-	-	-	-	45,754	-	45,754	45,754
Other professional fees	38	7,454	234,942	9,508	251,942	226,938	103	227,041	478,983
Supplies and expenses	80,143	125,412	907,525	484,533	1,597,613	27,997	16,104	44,101	1,641,714
Telecommunications	4,789	73,892	72,002	66,819	217,502	74,177	3,306	77,483	294,985
Postage	1	2,129	429	1,352	3,911	3,521	1,443	4,964	8,875
Occupancy expenses	53,977	151,489	219,883	311,156	736,505	113,259	6,217	119,476	855,981
Interest	-	-	-	-	-	10,399	-	10,399	10,399
Insurance	2,684	13,329	10,642	9,555	36,210	40,746	-	40,746	76,956
Equipment rental and maintenance	1,758	10,533	9,012	13,859	35,162	8,932	-	8,932	44,094
Printing and publications	121	2,821	2,740	980	6,662	1,249	4,158	5,407	12,069
Travel and transportation	2,359	44,954	39,615	90,136	177,064	15,811	1,237	17,048	194,112
Conferences and meetings	469	24,669	16,854	7,365	49,357	14,655	2,564	17,219	66,576
Specific assistance to individuals	1,415	457,833	26,520	134,106	619,874	535	-	535	620,409
Depreciation	23,160	63,273	97,204	123,665	307,302	10,900	72	10,972	318,274
In-Kind donations	-	-	5,940	-	5,940	-	5,500	5,500	11,440
Other	423	509	43,759	943	45,634	50,193	461	50,654	96,288
Total functional expenses	\$ 595,827	\$ 2,676,473	\$ 4,735,197	\$ 3,886,203	\$ 11,893,700	\$ 1,745,003	\$ 212,884	\$ 1,957,887	13,851,587
Administrative fees to National Organization									274,684
Total expenses									\$ 14,126,271

See notes to financial statements.

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	Program Services					Supporting Activities				Total Program and Supporting Services Total
	Encouraging Positive Development	Fostering Independence	Promoting Self-Sufficiency			Program Services Total	Management and General	Resource Development	Supporting Activities Total	
	Children and Youth	Mental Health	Homeless Services	Substance Abuse	Correctional Services					
Salaries	\$ 62,406	\$ 309,147	\$ 1,483,766	\$ 1,065,489	\$ 2,759,846	\$ 5,680,654	\$ 996,081	\$ 91,089	\$ 1,087,170	\$ 6,767,824
Pension expense	1,869	9,822	47,661	34,165	79,742	173,259	37,439	2,987	40,426	213,685
Other employee benefits	6,529	42,238	131,943	67,249	298,631	546,590	111,805	7,061	118,866	665,456
Payroll taxes	4,790	21,065	118,439	77,571	211,240	433,105	105,995	5,083	111,078	544,183
Legal fees	-	-	-	89,922	-	89,922	25,395	-	25,395	115,317
Accounting fees	-	-	4,000	-	1,350	5,350	45,925	-	45,925	51,275
Other professional fees	-	108	670	21,196	28,755	50,729	118,220	8,713	126,933	177,662
Supplies and expenses	354	74,446	185,467	116,083	726,853	1,103,203	83,426	6,344	89,770	1,192,973
Telecommunications	4,796	15,959	75,427	34,905	99,396	230,483	73,069	4,349	77,418	307,901
Postage	-	20	1,495	490	1,078	3,083	4,447	2,113	6,560	9,643
Occupancy expenses	3,220	46,083	178,574	81,886	360,332	670,095	79,952	-	79,952	750,047
Interest	-	-	10,187	-	-	10,187	-	-	-	10,187
Insurance	221	2,578	11,789	3,464	13,680	31,732	40,784	-	40,784	72,516
Equipment rental and maintenance	35	2,545	12,755	2,749	18,899	36,983	8,841	-	8,841	45,824
Printing and publications	165	541	4,464	1,367	4,505	11,042	3,307	7,456	10,763	21,805
Travel and transportation	744	543	55,970	10,732	81,035	149,024	14,247	881	15,128	164,152
Conferences and meetings	-	2	21,840	3,504	15,324	40,670	13,872	2,026	15,898	56,568
Specific assistance to individuals	-	3,002	506,031	963	69,426	579,422	-	31,020	31,020	610,442
Depreciation	2,240	23,527	84,311	35,053	152,439	297,570	17,570	-	17,570	315,140
Total functional expenses	\$ 87,369	\$ 551,626	\$ 2,934,789	\$ 1,646,788	\$ 4,922,531	\$ 10,143,103	\$ 1,780,375	\$ 169,122	\$ 1,949,497	12,092,600
Administrative fees to National Organization										281,880
Total expenses										\$ 12,374,480

See notes to financial statements.

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 587,622	\$ 963,856
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	318,274	315,140
Loss (gain) on disposition of fixed assets	(1,210)	17,935
Urealized gain on investments	(59,301)	(84,337)
Support for capital projects	(506,558)	(18,474)
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(521,440)	263,200
Other assets	(159,890)	(8,635)
Increase (decrease) in liabilities:		
Accounts payable	(45,983)	183,708
Accrued expenses	144,753	14,890
Contract/grant advances	(83,320)	62,143
Other current liabilities	21,216	41,148
	(305,837)	1,750,574
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Purchase of fixed assets and construction-in-progress	(1,055,093)	(228,258)
Net investment activity	(48,934)	(9,337)
	(1,104,027)	(237,595)
Net cash used in investing activities		
Cash flows from financing activities:		
Support for capital projects	506,558	18,474
Payments on debt, bank term loan	-	(324,825)
	506,558	(306,351)
Net cash provided by (used in) financing activities		
Change in cash and cash equivalents	(903,306)	1,206,628
Cash and cash equivalents, beginning of year	1,702,190	495,562
Cash and cash equivalents, end of year	\$ 798,884	\$ 1,702,190

See notes to financial statements.

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

1. Description of organization and summary of significant accounting policies:

Description of organization:

Volunteers of America of Indiana, Inc. ("Organization") is a nonprofit, spiritually based, human services organization, incorporated in Indiana, that provides social services within the State of Indiana under a charter from Volunteers of America, Inc., a national nonprofit, spiritually based organization providing local human service programs, and opportunities for individual and community involvement.

The Organization has three impact areas: encouraging positive development, fostering independence, and promoting self-sufficiency. Included in these impact areas are behavioral health, work force development, veterans' services, housing, and re-entry programs. These impact areas and program services include numerous different programs to further their mission to operate a religious, missionary, and welfare society to reach and uplift people, both spiritually and materially.

Encouraging positive development/behavioral health:

The Organization provides services to promote the healthy development of children, adolescents, and their families. The Fresh Start program began in August 2015 and is the original model of residential addictions treatment where mothers are able to bring children with them during their stay in treatment. This model continues to operate and additional programs have since been opened that have been enhanced by grant funding. The additional programs focus on early intervention for infants born testing positive for opiates at the time of birth, mothers who are pregnant or who have recently delivered and are in need of services, early intervention for mothers with Opiate Use Disorder and treatment for men and women under criminal justice supervision designed to provide a treatment intervention for relapse rather than incarceration.

The Organization also provides various outpatient services. The lowest level of outpatient care offers sessions on a weekly or monthly basis for clients in the advanced stages of recovery and offers support at the appropriate level for them to continue progressing. A more intensive outpatient care program offers group sessions of three hours three times per week. This is usually the most appropriate level of care for a person transitioning out of residential treatment. The Organization also offers a medication assisted treatment program by providing a licensed medical professional who works with clients who have a diagnosis of Opiate Use Disorder to determine whether they would be an appropriate candidate for treatment to enhance the likelihood of long-term sobriety. The Bridge to Success program provides counseling and case management to parents who are incarcerated and follows them through their release to help them successfully reintegrate into society. Services support the incarcerated parent and associated family members. The Organization also offers community transition services for those individuals who are transferring out of Federal prison in need of addiction treatment. The Ryan White Outpatient and Telepsych program works to expand access to services for individuals diagnosed with HIV. Through the use of telepsych and partnership with AIDS Service Organizations, the Organization has been able to increase access to treatment for people with limited transportation and with significant health concerns.

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

1. Description of organization and summary of significant accounting policies (continued):

Description of organization (continued):

Fostering Independence:

The Organization fosters the health and independence of the elderly and persons with disabilities or mental illness through quality affordable housing and a wide range of community services. The mental health program involves mentally ill veterans who are provided residential and other support services through a Veterans Administration (VA) contract.

The Organization manages three affordable housing facilities operating under HUD 202 and owned by Volunteers of America, Inc.: Brownstone Manor, a 52-unit facility in Terre Haute; Gardens on Carolina, a 38-unit facility in Gary and Tremont Terrace in Indianapolis specializing in mentally challenged adults. All provide safe, decent and affordable housing to low-income seniors.

Promoting self-sufficiency:

The Organization promotes self-sufficiency for individuals and families who have experienced homelessness, or other personal crises, including chemical dependency, involvement with the correctional system, and unemployment. The Organization focuses on solution-oriented approaches, using a continuum of services from prevention to intervention to long-term support.

One federally grant funded program, Supportive Services for Veteran Families provides case management, housing services and financial assistance to veterans and their families facing homelessness. This program covers areas in and around both Indianapolis and Evansville. The Organization also acts as a subcontractor to United Way of Central Indiana for a supplemental Priority One program for the same Supportive Services for Veteran Families. These are two transitional housing programs where men and women veterans facing homelessness can stay for up to two years. The Homeless Veterans Reintegration Program was started in Ft. Wayne in 2016 to help homeless veterans retrain and find employment. These grant and per diem programs are located in Fort Wayne with 40 beds and Indianapolis with 20 beds. The Organization has a 29-bed temporary housing program in Indianapolis for homeless veteran men and a 25-bed Safe Haven Model, low-demand temporary housing program in Fort Wayne for men and women. All are funded by the Veterans Administration.

Correctional services are minimum security programs for justice-involved men and women in a community based setting. Programs focus on rehabilitation, life skills training, substance abuse education, and personal counseling. Referral sources for re-entry clients include the Federal Bureau of Prisons, Indiana Department of Corrections, and local courts. All residential programs offer a structured, supervised community living environment where clients can gain employment, access community services, and gradually transition back into society.

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

1. Description of organization and summary of significant accounting policies (continued):

Supporting activities:

Supporting activities include all expenses not allocable to specific program services. Management and general services related to the overall administration of the Organization, encompassing volunteer coordination, human resources, accounting functions, and executive administration. Fund-raising includes activities related to the development function encompassing solicitation of support from foundations, individuals, and businesses. Fund-raising services also include participation in the direct mail program, the website program, and the Enterprise program conducted by Volunteers of America, Inc.

Basis of accounting:

The accounting policies of the Organization conform to generally accepted accounting principles as applicable to voluntary health and welfare organizations.

The more significant accounting policies are described below.

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 maintains its cash in several bank deposit accounts, which, at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant risk on cash and cash equivalents.

Accounts receivable:

Accounts receivable are reported net of any anticipated losses due to uncollectible accounts. The Organization's policy for determining when receivables are past due or delinquent is when the account is over 90 days old. The Organization ensures that all available means of collecting accounts receivable are exhausted before write-off procedures are initiated. Uncollectible accounts are reported as additions to the allowance for bad debts when it is determined that amounts will become uncollectible and when approved by the Chief Financial Officer.

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

1. Description of organization and summary of significant accounting policies (continued):

Accounts receivable (continued):

Management estimated an allowance of \$7,500 and \$219,935 for each of the years ended June 30, 2018 and 2017, respectively. The allowance for doubtful accounts is maintained at a level which, in management's judgment, is adequate to absorb potential losses inherent in the receivable portfolio. The amount of the allowance is based on management's evaluation of the collectability of the receivable portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, and economic conditions.

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 over \$2,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed on the straight-line method based upon the following estimated useful lives of the assets:

Furnishings and equipment	3 – 10 years
Transportation vehicles	5 years
Buildings and improvements	10 – 40 years

Contributions:

Contributions are generally recorded only upon receipt unless evidence of an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are reported at the present value of the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor or by law.

Contributed services:

The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance nonfinancial assets or require specialized skills, which are provided by the individual possessing those skills and would typically need to be purchased if not provided by donation.

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

1. Description of organization and summary of significant accounting policies (continued):

Restricted and designated assets:

Restricted and designated assets, represent the total of all assets that are encumbered by donor restrictions, legal agreements, and board designation or are otherwise unavailable for the general use of the Organization. This category generally includes client/custodial funds, escrow/reserve funds, temporarily and permanently restricted assets, and securities that are pledged and held by the lender as collateral for financing. The board has designated certain investments as board designated assets. These amounts are detailed separately as part of the unrestricted net assets.

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 statements 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 the use of all or part of the investment income earned on the contributions. There are no permanently restricted net assets as of June 30, 2018 and 2017.

Operations:

The Organization defines operations as all program services and supporting activities undertaken (see Note 1). Revenues that result from these activities and their related expenses are reported as operations. Gains, losses, and other revenue that result from ancillary activities, such as investing liquid assets and disposing of fixed assets or other assets, are reported as nonoperating activities.

Income taxes:

Under provision of Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the State of Indiana, Volunteers of America of Indiana, Inc. is exempt from income taxes, except for net income from unrelated business income, as a subordinate unit of Volunteers of America, Inc. Volunteers of America, Inc. is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code as a religious organization described in Section 501(c)(3). For the fiscal years ended June 30, 2018 and 2017, there was no taxable net income resulting from unrelated business activities. Accordingly, no tax expense was incurred during the years ended June 30, 2018 and June 30, 2017, respectively.

The Organization is no longer subject to Federal income tax examinations by tax authorities for years before 2015.

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

1. Description of organization and summary of significant accounting policies (continued):

Investments:

Investments consist primarily of mutual funds invested in fixed income bonds, equity securities, and alternatives. They are recorded at fair value based on quoted market prices. All other investments are reported at historical cost if purchased, or if contributed, at fair market value at the date of contribution.

Allocation of functional expenses:

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the various functions.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications:

Certain 2017 amounts have been reclassified to conform to the 2018 presentation.

2. Investments:

Investments are shown on the balance sheets at fair market value. The following summarizes cost and market value:

<u>June 30, 2018</u>	<u>Aggregate Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (loss)</u>
Cash and fixed income	\$ 192,696	\$ 191,987	\$ (709)
Equities	<u>647,706</u>	<u>778,712</u>	<u>131,006</u>
	<u>\$ 840,402</u>	<u>\$ 970,699</u>	<u>\$ 130,297</u>

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

2. Investments (continued):

<u>June 30, 2017</u>	<u>Aggregate Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>
Cash and fixed income	\$ 185,977	\$ 188,674	\$ 2,697
Equities	<u>605,490</u>	<u>673,789</u>	<u>68,299</u>
	<u>\$ 791,467</u>	<u>\$ 862,463</u>	<u>\$ 70,996</u>

The Organization's investments and some cash equivalents are held and managed by investment managers. Although the Organization has a diverse investment portfolio, a substantial portion of its realization is dependent upon the markets in which the investments are traded and the investment manager's ability to properly manage the portfolio.

3. Fair value:

The following information is presented in accordance with accounting guidance, which defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. The accounting guidance establishes a three-level valuation hierarchy for disclosure of fair value measurements based upon the transparency of inputs to the valuation of an asset as of the measurement date.

The following is a description of the Organization's valuation methodology for assets and liabilities measured at fair value. Fair value for Level 1 is based upon net asset values at the end of the year for mutual funds:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets in active markets, and inputs that are observable for the assets, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The proceeding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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 OF INDIANA, INC.
(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

3. Fair value (continued):

Assets measured at fair value on a recurring basis at June 30, 2018 and 2017 are as follows:

	2018	2017
Level 1:		
Equity securities:		
EAFE equity	\$ 114,300	\$ 124,402
Global equity	89,401	71,017
Japanese large cap	18,357	9,228
U.S. large cap	492,337	410,995
U.S. mid cap	64,317	58,147
Total equity securities	778,712	673,789
Cash	11,260	45,858
Non U.S. fixed income	65,540	41,631
U.S. fixed income	115,187	101,185
	\$ 970,699	\$ 862,463

4. Line of credit:

A revolving line of credit for \$1,100,000 is available to the Organization through the National Bank of Indianapolis. The line provides for monthly interest payments at the bank's prime rate, 4.25% as of June 30, 2018 and 2017. The line of credit is available through November 30, 2018, and is secured by assets of the Organization. There was no outstanding balance as of June 30, 2018 or 2017.

The bank requires the Organization to maintain certain financial ratios and meet other covenants in its current loan agreements, which include both the line of credit and term loans. The Organization was in compliance with all provisions and covenants of the agreement as of June 30, 2018 and 2017.

5. Bank term loan:

A bank term loan was scheduled to expire in 2019 that had a fixed interest rate of 4.30%. The loan was secured by property in Fort Wayne and Indianapolis. The loan was paid in full in April 2017.

6. Retirement plans:

The Organization participates in a noncontributory defined benefit pension and retirement plan. The Plan is administered through a commercial insurance company and covers all ministers commissioned through December 31, 1999. The plan also covers executive management effective July 1, 2013. Pension plan expense was \$31,991 in 2018 and \$13,889 in 2017. Because the plan is a multi-employer plan, the accumulated benefits and net assets available for benefits as they relate solely to the Organization are not readily available.

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

6. Retirement plans (continued):

All other employees are covered by a 403(b) plan provided by the Organization. Contributions to the plan are made for all qualifying employees with at least one year of service. Contributions are limited to 5% of each employee's total compensation and employees vest over a five-year period. Pension expense under this plan was \$198,767 and \$199,800 for the years ended June 30, 2018 and 2017, respectively. This plan was terminated as of year end and replaced with a plan provided by Volunteers of America, Inc.

7. Operating leases:

The Organization has a noncancelable lease for the use of property in Evansville. Payments of \$4,559 are due monthly. The lease matures September 2019. A separate noncancelable lease for property matures in May 2024 with an average monthly payment of \$8,240. The Organization also has various leases for equipment and vehicles expiring through July 2021. Total rent expense for facility rentals, office space, and equipment rentals was approximately \$386,511 and \$255,000 for the years ended June 30, 2018 and 2017, respectively.

Future minimum lease payments under the operating lease is:

Year ending June 30,

2019	\$ 264,894
2020	175,426
2021	146,392
2022	127,415
2023	128,152
Thereafter	<u>252,205</u>
	<u>\$ 1,094,485</u>

8. Related party transactions:

The Organization is affiliated with Volunteers of America, Inc., which provides supporting services to the Organization for a fee. Affiliate fees for the years ended June 30, 2018 and 2017, totaled \$274,684 and \$281,880, respectively. Amounts due to Volunteers of America at June 30, 2018 and 2017, for affiliate fees were \$37,650 and \$27,976, respectively.

Volunteers of America, Inc. Direct Mail Campaign generated \$205 in 2018 and \$1,493 in 2017 of which the Organization received \$197 in 2018 and \$1,193 in 2017. Website donations were \$18,222 and \$14,415 for the years ended June 30, 2018 and 2017, respectively.

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

8. Related party transactions (continued):

Brownstone Manor is a 52-unit apartment project for the elderly, located in Terra Haute, Indiana. Volunteers of America, Inc. owns this project and has contracted the Organization to provide management services to the project. Management fees earned for the years ended June 30, 2018 and 2017, totaled \$48,519 and \$42,881, respectively. Amounts due to the Organization for management fees and reimbursement of payroll costs totaled \$44,016 in 2018 and \$50,060 in 2017.

Gardens on Carolina is a 38-unit facility located in Gary, Indiana. Volunteers of America, Inc. also owns this project and has contracted with the Organization to provide management services to the project. Management fees earned for the years ended June 30, 2018 and 2017 totaled \$28,031 and \$28,172, respectively. Amounts due to the Organization at June 30, 2018 and 2017, including unreimbursed payroll costs were \$28,399 and \$17,297, respectively.

Tremont Terrace is a 20-unit property that serves the mentally challenged owned by Volunteers of America, Inc., management fees earned for the years ended June 30, 2018 and 2017 totaled \$12,495 and \$13,833, respectively. Amounts due to the Organization at June 30, 2018 and 2017, for management fees and reimbursement of payroll costs were \$1,819 and \$9,837, respectively.

During the year ended June 30, 2017, a member of the board of directors provided human resource consulting services with total fees paid of \$26,250. This board member transitioned off the board of directors at the end of June 2017.

9. Temporarily restricted net assets:

Temporarily restricted net assets consist of the following:

	June 30,	
	2018	2017
Expansion of Fresh Start Recovery Center	\$ 12,976	\$ 55,413
Lincoln apartments	21,222	22,260
Furnishings and training	-	15,000
Residential fund	18,741	13,844
Capital	59,855	-
Financial literacy training	16,327	-
	\$ 129,121	\$ 106,517

10. Net assets released from restriction:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, by occurrence of other events specified by donors during the fiscal year or the passage of time.

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2018 AND 2017

10. Net assets released from restriction (continued):

Purpose restrictions accomplished at June 30, 2018 and 2017:

	2018	2017
Capital expenditures	\$ 92,055	\$ -
Other expenditures	\$ 29,170	\$ -

11. Commitments and contingencies:

In the normal course of business, the Organization is subject to proceedings, lawsuits and other claims, including proceedings under government laws and regulations. Such matters are subject to many uncertainties and outcomes are not predictable with assurance. While these matters could affect the operating results when resolved in future periods, management believes that after final disposition, any monetary liability or financial impact would not be material to the Organization's annual financial statements.

12. Statements of cash flows:

During fiscal years ended June 30, 2018 and 2017, the Organization paid cash for interest totaling \$10,399 and \$10,187, respectively.

During fiscal years ended June 30, 2018 and 2017, the Organization received noncash donations of food, computers, property, books, toys and vehicles totaling \$11,440 and \$52,225, respectively.

The Organization financed construction-in-progress totaling \$465,736 in 2018 with accounts payable.

13. Subsequent events:

Effective July 1, 2018, the Board of Volunteers of America, Inc. increased the service area for the Organization to include the territory covered formerly by Volunteers of America of Greater Ohio. All assets and associated liabilities of Greater Ohio have been combined as of July 1, 2018 and should result in an increase in net assets in excess of \$40.9 million.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 15, 2018, the date the Organization's financial statements were available to be issued.

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity/ Identifying Number	Federal Expenditures
U.S. Department of Veteran Affairs:			
VA Homeless Providers Grant and Per Diem Program	64.024	10-715-IN & 03-51-IN	\$ 332,489
Passed through the United Way of Central Indiana Supportive Services for Veteran Families	64.033	15-IN-201	1,095,078
Supportive Services for Veteran Families	64.033	N/A	<u>92,774</u>
Subtotal			1,187,852
Total U.S. Department of Veteran Affairs			1,520,341
U.S. Department of Labor:			
Homeless Veterans Reintegration Program	17.805	HV-27461-15-60-5-18	186,878
Homeless Veterans Reintegration Program	17.805	HV-29137-16-60-5-18	<u>239,356</u>
Total U.S. Department of Labor			426,234
U.S. Department of Justice:			
Second Chance Act Reentry Initiative	16.812	2014-CY-BX-0024	<u>150,233</u>
Total U.S. Department of Justice			150,233
U.S. Department of Health and Human Services:			
Passed through from Marion County Alternative Courts Substance Abuse and Mental Health Services Project of Regional and National Significance	93.243	39FG-SAMHSA-2015-2018	156,000
Project of Regional and National Significance	93.243	N/A	<u>185,739</u>
Subtotal			341,739
Passed through from Indiana Family Social Services Administration/ Department of Corrections Temporary Assistance to Needy Families	93.558	F1-5-93-15-SZ-1181	958,438
Passed through from Indiana Family Social Services Administration/ Division of Mental Health and Addiction Opioid STR	93.788	1H79TI080233-01	999,879
Passed through from Indiana State Department of Health HIV Care Formula Grants	93.917	Contract #24780	49,184
Enhance Safety of Children Affected by Substance Abuse	93.087	75-17-1512	<u>291,046</u>
Total U.S. Department of Health and Human Services			<u>2,640,286</u>
Total Expenditures of Federal Awards			<u>\$ 4,737,094</u>

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2018

Notes to Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2018

Note A- Basis of presentation:

The accompanying schedule of expenditures of Federal awards (schedule) includes the Federal award activity of Volunteers of America of Indiana, Inc. under programs of the Federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of Volunteers of America of Indiana, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Volunteers of America of Indiana, Inc.

Note B- Summary of significant accounting policies:

- (1) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

- (2) Volunteers of America of Indiana, Inc. has not elected to use the 10% de minimis indirect cost rate as allowed under the *Uniform Guidance*, except when required by the granting agency.

- (3) No awards passed through to subrecipients.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Directors and Audit Committee
Volunteers of America of Indiana, Inc.
(A Non-Profit Organization)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Volunteers of America of Indiana, Inc. (the "Organization") (a Non-Profit Organization), which comprise the balance sheet as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Volunteers of America of Indiana, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Volunteers of America of Indiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Volunteers of America of Indiana, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Volunteers of America of Indiana, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HW & Co

Cleveland, Ohio
October 15, 2018

**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Directors and Audit Committee
Volunteers of America of Indiana, Inc.
(A Non-Profit Organization)

Report on Compliance for Each Major Federal Program

We have audited Volunteers of America of Indiana, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Volunteers of America of Indiana, Inc.'s major Federal programs for the year ended June 30, 2018. Volunteers of America of Indiana, Inc.'s major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Volunteers of America of Indiana, Inc.'s major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations, Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Volunteers of America of Indiana, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Volunteers of America of Indiana, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Volunteers of America of Indiana, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major Federal program for the year ended June 30, 2018.

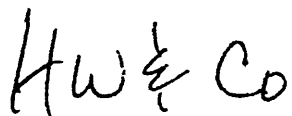
Report on Internal Control Over Compliance

Management of Volunteers of America of Indiana, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Volunteers of America of Indiana, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Volunteers of America of Indiana, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.



Cleveland, Ohio
October 15, 2018

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2018

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: unmodified

Internal control over financial reporting:

- ♦ Material weakness(es) identified? _____ Yes X No
- ♦ Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Award

Internal control over major programs:

- ♦ Material weakness(es) identified? _____ Yes X No
- ♦ Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditor’s report issued on compliance for major program: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? _____ Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
64.033	VA Supportive Services for Veteran Families Program
93.788	Opioid STR

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

- ♦ Auditee qualified as low-risk auditee? X Yes _____ No

Section II – Financial Statement Findings

No findings were noted.

Section III – Federal Award Findings and Questioned Costs

No findings were noted.

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

AUDITEE SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2018

Financial Statement Findings

Finding 2017-001: Material misstatement and application of generally accepted accounting principles.

Condition: It was noted the Organization has internal controls in place surrounding the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. However, during the Organization's audit, a material adjusting journal entry was made. The correction was to recognize temporary restricted and grant income. Recording a material adjusting journal entry is at least considered a significant deficiency under generally accepted auditing standards.

Recommendation: We recommend the Organization evaluate all contributions and grants accepted and received for proper revenue recognition.

Current Status: Corrective action was taken.

Federal Award Findings

There were no prior year Federal Award findings or questioned costs.

VOLUNTEERS OF AMERICA OF INDIANA, INC.
(A Non-Profit Organization)

SCHEDULE OF STATE AND LOCAL GOVERNMENT FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2018

State Grantor/Pass Through Grantor/Program Name	Agreement Number	Type of Funding	Revenue	Disbursed
STATE PROGRAMS				
Indiana Department of Child Services - Community Based Services	A93-6-16-CB-PO-3286	Fee for Service	\$ 1,895,144	\$ 1,895,144
Indiana Department of Corrections	D25-7-3333	Fee for Service	574,254	574,254
Total state and local government financial assistance			<u>\$ 2,469,398</u>	<u>\$ 2,469,398</u>

Note A- Basis of presentation:

The accompanying schedule of state and local government financial assistance (the schedule) includes the financial assistance activity of Volunteers of America of Indiana, Inc. under programs from the State of Indiana and local Indiana governmental agencies for the year ended June 30, 2018. The information in the schedule is presented in accordance with the requirements of Indiana State Board of Accounts. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The schedule does not include direct Federal grant activity or Federal grant activity passed through from the State of Indiana as these programs are already included on the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Note B- Summary of significant accounting policies:

The schedule is reported on the accrual basis of accounting.