



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B55921

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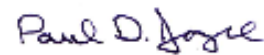
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October 14, 2020

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, 2018 to June 30, 2019. 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, 2019 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

  
Paul D. Joyce, CPA  
State Examiner

**Volunteers of America Ohio & Indiana**  
(A Non-Profit Organization)

YEAR ENDED JUNE 30, 2019

# VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

YEAR ENDED JUNE 30, 2019

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## Independent Auditor's Report

Board of Directors  
Volunteers of America Ohio & Indiana  
(A Non-Profit Organization)

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Volunteers of America Ohio & Indiana (the "Organization") (A Non-Profit Organization), which comprise the balance sheet as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **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 audit. We conducted our audit 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 audit 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 Ohio & Indiana as of June 30, 2019, and changes in its net assets and its cash flows for the year 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. 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 February 21, 2020 on our consideration of Volunteers of America Ohio & Indiana'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 solely 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 Ohio & Indiana's internal control over financial reporting and compliance.

Handwritten signature in black ink that reads "H W & Co." with a period at the end.

Cleveland, Ohio

October 7, 2019, except for our reports on the Schedule of Expenditures of Federal Awards and other reporting required by Government Auditing Standards for which the date is February 21, 2020

# VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

BALANCE SHEET - JUNE 30, 2019

## ASSETS

### Current assets:

Cash and cash equivalents	\$ 8,616,360
Accounts receivable, net	4,890,377
Pledges receivable, net	51,851
Prepaid expenses	417,249

Total current assets 13,975,837

### Fixed assets:

Land and buildings	42,993,029
Furnishings and equipment	10,048,999
Accumulated depreciation	(22,674,642)

Total fixed assets 30,367,386

### Other assets:

Long-term investments	12,204,650
Other assets	5,778,178

Total other assets 17,982,828

**\$ 62,326,051**

## LIABILITIES AND NET ASSETS

### Current liabilities:

Accounts payable	\$ 1,499,679
Current portion of long-term debt	440,379
Accrued expenses	1,914,762
Contract/grant advances	68,338
Other current liabilities	2,438,001

Total current liabilities 6,361,159

### Other liabilities:

Notes and loan payable	1,330,200
Mortgages payable, noncurrent	3,875,348
Other liabilities	345,395

Total other liabilities 5,550,943

Total liabilities 11,912,102

### Net assets:

Without donor restrictions:	
General	45,471,111
Board designated	4,625,776

Total net assets without donor restrictions 50,096,887

With donor restrictions 317,062

Total net assets 50,413,949

**\$ 62,326,051**

See notes to financial statements.

# VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues from operations:</b>			
Public support received directly:			
Contributions	\$ 19,609,444	\$ 268,208	\$ 19,877,652
Contributions, in-kind	-	75,420	75,420
Legacies and bequests	160,850	-	160,850
Total public support	19,770,294	343,628	20,113,922
<b>Revenue and grants from governmental agencies</b>	40,818,311	-	40,818,311
<b>Other revenue:</b>			
Program service fees	730,490	-	730,490
Rental income	340,572	-	340,572
Other operating revenue	52,869	-	52,869
Total revenue	61,712,536	343,628	62,056,164
<b>Net assets released from restrictions</b>	269,089	(269,089)	-
<b>Total revenue from operations</b>	61,981,625	74,539	62,056,164
<b>Operating expenses:</b>			
Retail stores	13,148,139	-	13,148,139
Auto donation	615,934	-	615,934
Veterans services	12,709,565	-	12,709,565
Re-entry programs	13,564,271	-	13,564,271
Housing programs	3,457,784	-	3,457,784
Behavioral health	8,478,458	-	8,478,458
Total program services	51,974,151	-	51,974,151
Management and general	8,987,524	-	8,987,524
Resource development	1,031,565	-	1,031,565
Total supporting services	10,019,089	-	10,019,089
Total operating expenses	61,993,240	-	61,993,240
<b>Excess (shortfall) from operations</b>	(11,615)	74,539	62,924
<b>Nonoperating gains, losses and other revenue:</b>			
Investment gain	717,319	-	717,319
Gain on disposition of fixed assets	800	-	800
Unrealized gain on investments	147,919	-	147,919
Excess from other activities	866,038	-	866,038
<b>Change in net assets</b>	854,423	74,539	928,962
<b>Net assets, beginning of year</b>	40,811,533	113,402	40,924,935
<b>Transfer of net assets (Note 1)</b>	8,430,931	129,121	8,560,052
<b>Net assets, ending of year</b>	\$ 50,096,887	\$ 317,062	\$ 50,413,949

See notes to financial statements.

## VOLUNTEERS OF AMERICA OHIO & INDIANA

### STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services						Program Services Total	Supporting Services		Supporting Services Total	Total Program and Supporting Services Expenses
	Retail Stores	Auto Donation	Veteran Services	Re-entry Programs	Housing Programs	Behavioral Health		Management and General	Resource Development		
Salaries	\$ 6,947,184	\$ 143,078	\$ 5,658,369	\$ 6,794,912	\$ 1,365,675	\$ 5,110,138	\$ 26,019,356	\$ 3,979,034	\$ 532,650	\$ 4,511,684	\$ 30,531,040
Employee benefits	1,459,331	33,947	1,214,770	1,483,507	398,900	969,152	5,559,607	901,821	161,056	1,062,877	6,622,484
Professional services	235,083	386,344	574,625	516,333	150,795	903,881	2,767,061	2,670,280	142,643	2,812,923	5,579,984
Occupancy expense	1,900,568	9,085	862,180	1,453,493	162,973	299,395	4,687,694	505,692	8,579	514,271	5,201,965
Specific assistance	-	-	2,151,563	54,635	973,040	339,422	3,518,660	-	-	-	3,518,660
Program supplies and equipment	1,130,707	14,510	1,087,131	2,142,440	98,813	480,159	4,953,760	166,038	12,521	178,559	5,132,319
Office supplies and expenses	849,369	16,156	305,169	200,786	66,416	85,351	1,523,247	171,513	114,496	286,009	1,809,256
Travel, conferences and meetings	339,996	2,849	265,160	311,671	39,790	167,514	1,126,980	157,617	56,238	213,855	1,340,835
Depreciation and amortization	267,268	9,219	576,335	539,117	197,557	113,462	1,702,958	387,638	-	387,638	2,090,596
Interest	-	-	132	54,189	-	-	54,321	16,362	-	16,362	70,683
Other	18,633	746	14,131	13,188	3,825	9,984	60,507	31,529	3,382	34,911	95,418
<b>Total functional expenses</b>	<b><u>\$ 13,148,139</u></b>	<b><u>\$ 615,934</u></b>	<b><u>\$ 12,709,565</u></b>	<b><u>\$ 13,564,271</u></b>	<b><u>\$ 3,457,784</u></b>	<b><u>\$ 8,478,458</u></b>	<b><u>\$ 51,974,151</u></b>	<b><u>\$ 8,987,524</u></b>	<b><u>\$ 1,031,565</u></b>	<b><u>\$ 10,019,089</u></b>	<b><u>\$ 61,993,240</u></b>

See notes to financial statements.

# VOLUNTEERS OF AMERICA OHIO & INDIANA

## STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019

### Cash flows from operating activities:

Change in net assets	\$	928,962
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		2,090,596
Unrealized gain on investments		(147,919)
Decrease (increase) in assets:		
Accounts receivable		(1,747,239)
Pledges receivable		(9,510)
Prepaid expenses		1,956
Other assets		33,060
Increase (decrease) in liabilities:		
Accounts payable		(37,453)
Accrued expenses		(74,078)
Contract/grant advances		(3,528)
Other current liabilities		(267,747)
Other liabilities		228,561
		<hr/>
Net cash provided by operating activities		995,661

### Cash flows from investing activities:

Purchases of fixed assets and construction-in-progress		(6,679,437)
Proceeds from sale of fixed assets		800
Net investment activity		<hr/> (863,949)
		<hr/>
Net cash used in investing activities		(7,542,586)

### Cash flows from financing activities:

Proceeds from long-term debt		1,435,304
Principal payments on long-term debt		<hr/> (109,947)
		<hr/>
Net cash provided by financing activities		1,325,357

<b>Net decrease in cash and cash equivalents</b>		(5,221,568)
<b>Cash and cash equivalents, beginning</b>		<hr/> 13,837,928
<b>Cash and cash equivalents, ending</b>	<b>\$</b>	<b><hr/><hr/>8,616,360</b>

See notes to financial statements.

# VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

#### Description of organization:

Volunteers of America Ohio & Indiana (“Organization”) is a nonprofit spiritually based human services organization, incorporated in Ohio, that provides social services within the States of Ohio and 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. Effective July 1, 2018, the Board of Volunteers of America, Inc. combined the service area for Volunteers of America of Greater Ohio with the territory formerly covered by Volunteers of America of Indiana. The assets and associated liabilities of Volunteers of America of Indiana were combined with Volunteers of America of Greater Ohio as of July 1, 2018 and resulted in an increase in net assets of approximately \$8.6 million.

Volunteers of America, Inc. focuses on three impact areas: promoting self-sufficiency, fostering independence and encouraging positive development. Within the impact area of promoting self-sufficiency, Volunteers of America, Inc. 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. We focus on solution-oriented approaches, using a continuum of services from prevention to intervention to long-term support. Our local programming includes a network of Retail Stores in Ohio that serves communities surrounding Aurora, Brunswick, Columbus, Mansfield and North Olmsted that provide low-cost clothing and household items. In addition to meeting the emergency needs of our communities for clothing and household items, some of these locations also serve as food pantries providing food items throughout the year and holiday food and gift baskets.

Our Veterans Services include programming for transitional housing for homeless veterans under grants from Veterans Affairs along with grants to address the special needs of chronically mentally ill veterans. Veteran employment programs, Supportive Services for Veteran Families programs and a housing program for female veterans are located throughout the service areas. A Veteran Administration contract provides services to mentally ill veterans who receive residential and other support services.

Our Re-entry Programs include halfway houses providing rehabilitation services to adult populations. Programs focus on rehabilitation, life skills, substance abuse education and counseling. Referral sources include Ohio and Indiana Department of Corrections and the Federal Bureau of Prisons. The programs are located throughout the service areas.

The Housing Programs include emergency shelters for homeless families, transitional housing programs for homeless individuals and permanent supportive housing for formerly homeless families. These programs are located in Ohio. In Indiana, the Organization manages three affordable housing facilities operating under HUD 202 and owned by Volunteers of America, Inc.; Brownstone Manor, a 52-unit facility; Gardens on Carolina, a 38-unit facility and Tremont Terrace specializing in mentally challenged adults.

# VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2019

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

#### Description of organization (continued):

Through programs designed to provide care where needed, while supporting independence to the degree possible, Volunteers of America, Inc. 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. Our fostering independence programming includes housing programs previously noted for individuals dealing with mental health issues.

Within the area of encouraging positive development, Volunteers of America, Inc. provides services to encourage positive development for troubled and at-risk children and youth, while also promoting the healthy development of all children, adolescents and their families. Volunteers of America, Inc.'s programs provide a continuum of care and support for young people ages birth to 21 through prevention, early intervention, and long-term services.

The Organization provides Fresh Start programs for pregnant mothers with young children. The programs focus on early intervention for infants born testing positive for opiates at the time of birth, mothers who have recently delivered and are in need of services and early intervention for mothers with Opiate Use Disorder. There are also treatment programs for men and women under criminal justice supervision designed to provide a treatment intervention for relapse rather than incarceration. Outpatient services for those transitioning out of residential treatment are also available.

Through the use of telepsych and a partnership with AIDS service organizations, the Organization has been able to increase access to treatment for people with limited transportation with significant health concerns. This is possible through the Ryan White outpatient and telepsych program that works to expand access to services for individuals diagnosed with HIV.

#### Supporting services:

Supporting services include all expenses not allocable to specific program services. Management and general expenses relate to the overall administration of the Organization, encompassing human resources, accounting functions and executive administration.

Resource development includes activities related to the development function, encompassing solicitation of support from fundraisers, individuals and businesses. Resource development also include participation in the direct mail program and the website program conducted by Volunteers of America, Inc.

#### Recently adopted new accounting pronouncement:

During 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities*, (Topic 958) *Presentation of Financial Statements for Not-for-Profit Entities*. FASB issued the ASU to improve the current net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit's liquidity, financial performance and cash flows. The Organization adopted the provisions of this ASU effective for the year ended June 30, 2019.

# VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2019

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

#### 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 of the Organization are described below:

#### 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 with donor-imposed restrictions that are perpetual in nature include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity, but permitting use of all or part of the investment income earned on the contribution. The Board has designated net assets without donor restrictions totaling \$4,625,776 at June 30, 2019. Net assets with donor/grantor restrictions are used for the specific purpose and are normally used over a few years until the restriction is completed.

#### 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 \$5,000; 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:

Furniture and equipment	2 – 10 years
Transportation vehicles	2 – 7 years
Buildings and improvements	2 – 40 years

#### 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 restricted or designated. 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.

# VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2019

### 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, with or without donor restrictions and securities that are pledged and held by the lender as collateral for financing. Donors include other types of contributors, including makers of certain grants.

#### 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 recorded 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. Contributions of personal property (i.e., clothing, household goods and automobiles) as described more fully below, are recorded as revenue when the items are sold.

The Organization operates Retail Stores throughout Ohio. Items for sale in these stores are the result of contributions of personal property from the general public. Consistent with Volunteers of America, Inc., the Organization records revenue when the items are sold rather than upon receipt of the goods. In the opinion of management, fair market value cannot be reasonably estimated at the time of receipt of these noncash contributions. This same approach is used for the recording of automobiles sold through the Ohio auto auction.

#### Contributed services:

The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those 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.

#### Operations:

The Organization defines operations as all program and supporting service 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 or other assets, are reported as nonoperating.

# VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2019

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

#### Income taxes:

Under provision of Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the State of Ohio, Volunteers of America Ohio & Indiana 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 taxes under Section 501(a) of the Internal Revenue Code as a religious organization described in Section 501(c)(3). For the fiscal year ended June 30, 2019, there was no taxable net income resulting from unrelated business activities. Accordingly, no tax expense was incurred during the year ended June 30, 2019.

#### Investments:

Investments consist primarily of cash and money market funds, mutual funds, government securities and corporate stocks and bonds. 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 value at the date of contribution.

#### Liquidity and availability:

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

Cash and cash equivalents	\$ 8,616,360
Accounts receivable, net	4,890,377
Pledges receivable, net	<u>51,851</u>
	<u>\$ 13,558,588</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. Additionally, the Organization's Board designated fund consists of investments whose income is not restricted for specific purpose, and therefore is available for general expenditures as approved by the Board. Furthermore, the Organization has \$3,150,000 available for borrowing under its lines of credit (Note 4).

#### Functional expenses:

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs, management and general, and resource development expenses. Certain administrative costs associated with the grant process are not included under grants on the statement of functional expenses and have been more appropriately reflected under programs.

# VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2019

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

#### Functional expenses (continued):

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages and related expenses, which are allocated based on job descriptions and estimates of time and effort. Occupancy costs, including utilities, property insurance, telephone, depreciation and interest are allocated based on square footage or the total number of beds. Professional liability insurance is allocated based on the number of beds at each location covered and a weighting factor provided by the insurance agent for the cost of the different type of beds. The remaining expenses which are not directly identifiable by program service or support activities are allocated on the best estimates of management.

#### 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 the accompanying notes. Actual results could differ from those estimates.

#### Pledges receivable:

Pledges receivable represent unconditional promises to give. Unpaid pledges from campaigns, net of allowance for doubtful pledges, are \$146,848 at June 30, 2019.

These receivables are pledged to be received as follows:

<u>Year ending June 30,</u>	
2020	\$ 61,001
2021	43,880
2022	34,516
2023	28,764
2024	3,348
2025	<u>840</u>
	<u>\$ 172,349</u>

At June 30, 2019, an allowance of \$25,501 was recorded for doubtful pledges.

## VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2019

#### 2. Investments:

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

<u>June 30, 2019</u>	<u>Aggregate Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
Cash and money market funds	\$ 212,649	\$ 212,649	
Certificates of deposit	1,349,496	1,354,400	\$ 4,904
Corporate stocks and bonds	5,721,309	7,355,324	1,634,015
Government securities	50,000	49,767	(233)
Mutual funds	<u>2,707,663</u>	<u>3,232,510</u>	<u>524,847</u>
	<u>\$ 10,041,117</u>	<u>\$ 12,204,650</u>	<u>\$ 2,163,533</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 managers' abilities 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.

- 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 asset, 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 preceding 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 OHIO & INDIANA

(A Non-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2019

### 3. Fair value (continued):

Assets measured at fair value on a recurring basis at June 30, 2019 were as follows:

#### Level 1

Equity securities:	
Consumer products industry	\$ 1,142,505
Financial industry	756,660
Food and beverage industry	103,919
Health care industry	620,816
Industrial goods industry	313,516
Manufacturing industry	392,112
Oil and gas industry	337,282
Services industry	712,688
Technology industry	465,852
Utilities industry	<u>199,668</u>
Total equity securities	5,045,018
Money market funds	8,393
Certificates of deposit	1,558,656
Government securities	49,767
Corporate bonds	2,310,306
Mutual funds:	
Equity funds	2,056,030
Bond funds	<u>1,176,480</u>
	<u>\$ 12,204,650</u>

The following is a description of the Organization's valuation methodologies for assets and liabilities measured at fair value. Fair value for Level 1 is based upon quoted market prices for equities, net asset values at the end of the year for mutual funds, and face value which approximates fair value for money market funds, certificates of deposit, government securities and corporate bonds.

### 4. Lines of credit:

At June 30, 2019, the Organization had a line of credit with a total maximum amount of \$1,000,000 available. No funds were drawn on the line of credit at June 30, 2019. The interest rate was 5.5% in 2019.

A second line of credit with a total maximum amount of \$150,000 is available. No funds were drawn on the line of credit at June 30, 2019. The interest rate was 5.4% in 2019.

A third line of credit with a total maximum of \$2,000,000 is available. No funds were drawn on the line of credit at June 30, 2019. The interest rate was 5.75% in 2019.

# VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2019

### 5. Mortgages payable:

A mortgage payable has been repaid by June 30, 2019 with monthly installments of \$1,479 including interest at 4.00%, payable to a bank. Interest expense totaled \$132 in 2019. The loan was collateralized by the associated property.

A mortgage payable in the amount of \$210,069 at June 30, 2019 is due in monthly installments of \$8,699 including interest at a rate of 5.39% at June 30, 2019, payable to a bank. Interest expense under this mortgage totaled \$15,535 in 2019. This loan is collateralized by the associated property and includes an interest rate swap and is payable through May 2021.

A new mortgage payable in the amount of \$3,955,658 at June 30, 2019 is due in monthly installments of \$32,095 including interest at 4.74% payable to a bank. Interest expense under this mortgage totaled \$54,125 in 2019. This loan is collateralized by the associated property and includes an interest rate swap, and is payable through March 2029.

A promissory note was entered into on July 26, 2018 for \$1,000,000 with the Indiana Housing and Community Development Authority (IHCDA) with a zero percent (0%) per annum interest rate until paid in full. The loan will mature July 31, 2024. The scheduled annual payments will be deemed received by IHCDA if paid directly to the Welcoming Indiana's Next Generation Fund (WINGS Fund) of the City of Evansville, Indiana. The total amount of the note will be forgiven as long as each payment is made in a timely manner. A similar agreement was made with IHCDA for a property in Columbus, Indiana. This loan will mature August 31, 2024. The current debt outstanding under both agreements is \$1,480,200.

Along with the second and third mortgages noted above, the Organization entered into interest rate swap agreements with a financial institution in May 2011, which expires in May 2021 and in March 2019 which expires in April 2029 to fix the monthly mortgage payments at a set amount. The notional amount of the interest rate swaps was \$4,165,727 at June 30, 2019. The Organization's interest rate swap liabilities are \$305,406 at June 30, 2019. The potential interest rate swap liabilities are not recorded on the balance sheet at June 30, 2019. The fair value of the interest rate swap is based on calculations prepared by the financial institution which provides for a reasonable approximation of the fair market value. The fair value represents an amount the financial institution would receive from the Organization if the swap agreement was canceled at that date. The fair value fluctuates based on current interest rates. The Organization makes monthly payments at a fixed rate of 5.75% and receives monthly payments at a variable rate of 5.34% at June 30, 2019 for the second mortgage (based on USD-LIBOR – ICE plus 2.9%) and 4.69% for the third mortgage (based on USD-LIBOR – ICE plus 2.3%). The net amounts are recorded monthly as interest expense.

Annual maturities are as follows:

<u>Year ending June 30,</u>	
2020	\$ 440,379
2021	445,913
2022	353,269
2023	364,095
2024	375,497
Thereafter	<u>3,666,774</u>
	<u>\$ 5,645,927</u>

## VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2019

#### 6. Operating leases:

The Organization leases vehicles, equipment, apartments and buildings under both non-cancelable and month-to-month leases. The non-cancelable leases have various terms, the latest expiring in April 2040. Lease payments required for non-cancelable leases over the next five years are as follows:

<u>Year ending June 30,</u>	
2020	\$ 1,607,829
2021	1,494,842
2022	1,170,518
2023	928,407
2024	743,756
Thereafter	<u>3,078,050</u>
	<u>\$ 9,023,402</u>

Rent expense under these leases and other leases that expired during the year was \$3,413,738 for the year ended 2019.

The Organization has entered into various non-cancelable operating lease agreements to lease portions of their facilities. Future rental income to be received under non-cancelable leases are as follows:

<u>Year ending June 30,</u>	
2020	\$ 238,405
2021	247,105
2022	153,155
2023	<u>31,800</u>
	<u>\$ 670,465</u>

Rent income under these leases and other leases that expired during the year was \$210,420 in 2019.

#### 7. Retirement plans:

The Organization participates in a non-contributory 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 \$273,148 in 2019. 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.

All employees are covered by a 403(b) plan provided by Volunteers of America, Inc. Under this plan, fulltime employee contributions up to 3% of compensation are matched. Fulltime employees vest in the Organization's match over a period of five years based on initial service date. Expense for the 403(b) plan was \$246,908 in 2019.

# VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2019

### 8. Related party transactions:

The Organization is affiliated with Volunteers of America, Inc., which provides supporting services to the Organization for a fee. Chartering services fees for the fiscal year ended June 30, 2019 totaled \$1,152,206. No amounts were due to Volunteers of America, Inc. for national fees at June 30, 2019.

Volunteers of America, Inc. Direct Mail Campaign generated \$116,609 in 2019, of which the Organization paid \$11,584 in 2019.

In August 2014, the Organization signed an additional guaranty of completion for the construction of a 100-unit mental health housing facility located in Columbus. This tax credit project began construction in September 2014 and was completed in January 2016. The equity partners have fully funded the project and all loans are being repaid at which time the guarantee will no longer be required. The amount guaranteed to cover this agreement is \$8.2 million. In addition, the Organization received a developer fee related to the tax credit project.

### 9. Net assets with donor restrictions:

Net assets with donor restrictions at June 30, 2019 consisted of:

Time restricted pledges	\$ 146,848
Time restricted contributions	<u>170,214</u>
	<u>\$ 317,062</u>

### 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.

Purpose restrictions accomplished at June 30, 2019:

Capital expenditures	<u>\$ 78,815</u>
Other expenditures	<u>\$ 190,274</u>

### 11. Beneficial interest in trust:

Volunteers of America Ohio & Indiana is one of several beneficiaries of a charitable trust. The Organization elected to receive 5% of the average market value. The total amount received was \$7,517 for the year ended June 30, 2019. The fair market value of the charitable trust was \$952,412 in 2019. The charitable trust will continue until the date of termination and final distributions are made on a family charitable remainder annuity trust, at which time the Organization will receive 16.33% of the principal balance.

# **VOLUNTEERS OF AMERICA OHIO & INDIANA**

(A Non-Profit Organization)

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

YEAR ENDED JUNE 30, 2019

**11. Beneficial interest in trust (continued):**

Because neither the trust termination value nor the trust termination date can be determined, no amounts have been recorded as an asset, instead income is recognized as received.

**12. Statements of cash flows:**

During fiscal year ended June 30, 2019, the Organization paid cash for interest totaling \$70,683.

Supplemental disclosure of noncash investing and financing activities:

During the fiscal year ended June 30, 2019, the Organization financed the purchase of a building with a mortgage note payable of \$4,000,000.

**13. Subsequent events:**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 7, 2019, the date the Organization's financial statements were available to be issued.

**VOLUNTEERS OF AMERICA OF OHIO & INDIANA**

(A Non-Profit Organization)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity/ Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Supportive Housing Program:			
Permanent Supportive Housing - Columbus	14.267	OH0094U5E031509	\$ 508,099
Supportive Housing Program - Crossroads	14.235	OH0174L5E071609	94,243
Supportive Housing Program - Crossroads	14.235	OH0174L5E071710	194,512
Supportive Housing Program - Almost Home	14.235	OH0565L5E071600	201,121
Supportive Housing Program - Almost Home	14.235	OH0565L5E071802	<u>32,615</u>
Subtotal			1,030,590
Emergency Shelter Program - Harmon/Crossroads	14.231	N-L-17-7IM-1	197,151
Passed through from the Board of County Commissioners Erie County:			
Emergency Shelter Program	14.231	N/A	<u>17,500</u>
Subtotal			214,651
Passed through from City of Sandusky:			
Community Development Block Grant	14.218	N/A	23,996
Passed through from Erie County:			
Community Development Block Grant	14.218	N/A	<u>8,996</u>
Subtotal			32,992
Total U.S. Department of Housing and Urban Development			1,278,233
U.S. Department of Labor:			
Homeless Veterans Reintegration Program- Akron-Canton	17.805	HV322721860539/HV32272HV8	205,000
Homeless Veterans Reintegration Program- Cleveland	17.805	HV320861860539/HV32086HV8	350,000
Homeless Veterans Reintegration Program- Cincinnati	17.805	HV320811860539/HV32081HV8	300,000
Homeless Female Veterans/ Veterans with Families - Cincinnati	17.805	HV321081860539/HV32108HV8	100,000
Homeless Veterans Reintegration Program- Columbus	17.805	HV320881860539/HV32088HV8	300,000
Homeless Veterans Reintegration Program- Indianapolis	17.805	HV320461860518/HV32046HV8	<u>247,200</u>
Total U.S. Department of Labor			1,502,200
U.S. Department of Veteran Affairs:			
Supportive Services for Veteran Families- Columbus	64.033	2014-OH-269-18	282,086
Supportive Services for Veteran Families- Cleveland	64.033	2018-OH-396	386,665
Supportive Services for Veteran Families- Dayton	64.033	2018-OH-397	304,980
Supportive Services for Veteran Families- Cleveland, Columbus, Dayton	64.033	2019-OH-269-19	2,267,218
Supportive Services for Veteran Families- Evansville and Indianapolis	64.033	15-IN-201-18	281,180
Supportive Services for Veteran Families- Evansville and Indianapolis	64.033	15-IN-201-19	<u>784,698</u>
Subtotal			4,306,827

**VOLUNTEERS OF AMERICA OHIO & INDIANA**

(A Non-Profit Organization)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2019

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity/ Identifying Number	Federal Expenditures
Grant and Per Diem - Cleveland & Sandusky	64.024	VOAO121-0360-541-SI-18-0	293,971
Grant and Per Diem - Cleveland & Sandusky	64.024	VOAO121-0371-541-BH-18-0	367,084
Grant and Per Diem - Cleveland & Sandusky	64.024	VOAO121-0382-541-CT-18-0	110,445
Grant and Per Diem - Columbus	64.024	VOAO121-0376-757-SI-18-0	85,686
Grant and Per Diem - Columbus	64.024	VOAO121-0299-757-BH-18-0	180,206
Grant and Per Diem - Columbus	64.024	VOAO121-0277-757-CT-18-0	39,974
Grant and Per Diem - Cincinnati	64.024	VOAO121-0487-539-SI-18-0	262,154
Grant and Per Diem - Cincinnati	64.024	VOAO121-0291-539-BH-18-0	329,125
Grant and Per Diem - Cincinnati	64.024	VOAO121-0490-539-CT-18-0	32,831
Grant and Per Diem - Cincinnati	64.024	VOAO121-0502-539-HH-18-0	63,675
Grant and Per Diem - Dayton	64.024	VOAO121-0482-552-SI-18-0	239,208
Grant and Per Diem - Dayton	64.024	VOAO121-0401-552-BH-18-0	117,471
Grant and Per Diem - Indianapolis	64.024	VOAI815-0665-610-BH-18-0	149,107
Grant and Per Diem - Indianapolis	64.024	VOAI815-0593-610-SI-18-0	180,506
Emergency Shelter - VAEH Columbus	64.024	VA250-14-D-0045	213,092
Special Needs Grant - Cleveland	64.024	17-343-OH	72,707
Special Needs Grant - Cleveland	64.024	18-343-OH	167,139
Special Needs Grant - Columbus	64.024	17-366-OH	53,913
Special Needs Grant - Columbus	64.024	18-366-OH	<u>145,261</u>
Subtotal			<u>3,103,555</u>
Total U.S. Department of Veterans Affairs			7,410,382
U.S. Department of Health and Human Services:			
Substance Abuse and Mental Health Services Project of			
Regional and National Significance Passed through from:			
Marion County Alternative Courts	92.243	39FG-SAMHSA-2015-2018	39,000
Marion County Alternative Courts	92.243	39FG-SAMHSA-2018-2022	<u>13,333</u>
Subtotal			52,333
Temporary Aid to Needy Families Block Grant			
Passed through from:			
Indiana Family Socail Services Administration/ Department of Corrections	93.558	Contract # 22902	1,324,907
HIV Care Formula Grants			
Passed through from:			
Indiana State Department of Health	93.917	Contract # 24780	366,163
ACYF - Children's Bureau	93.087	90CU008401	142,777
ACYF - Children's Bureau	93.087	90CU008402	<u>383,778</u>
Subtotal			526,555
Pregnant and Postpartum Women	93.243	1H79TI080351-01	133,283
Pregnant and Postpartum Women	93.243	1H79TI080351-02	<u>387,309</u>
Subtotal			<u>520,592</u>
Total U.S. Department of Health and Human Services			2,790,550
U.S. Department of Homeland Security:			
Federal Emergency Management Agency Pass-through from:			
Emergency Food an Shelter National Board Program- Erie County	97.024	LRO ID: 673400-002 33	<u>14,067</u>
Total U.S. Department of Homeland Security			<u>14,067</u>
Total Expenditures of Federal Awards			<u><u>\$ 12,995,432</u></u>

## VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2019

#### Notes to Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2019

**Note A- Basis of presentation:**

The accompanying schedule of expenditures of Federal awards (the Schedule) includes the Federal award activity of Volunteers of America Ohio & Indiana under programs of the Federal government for the year ended June 30, 2019. 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 Ohio & Indiana, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Volunteers of America Ohio & Indiana.

**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 Ohio & Indiana 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  
Volunteers of America Ohio & Indiana  
(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 Ohio & Indiana (the "Organization") (a Non-Profit Organization), which comprise the balance sheet as of June 30, 2019, 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 7, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Volunteers of America Ohio & Indiana'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 Ohio & Indiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Volunteers of America Ohio & Indiana'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 Ohio & Indiana'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2019-01.

**Volunteers of America Ohio & Indiana's Response to Findings**

Volunteers of America Ohio & Indiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Volunteers of America Ohio & Indiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.

Handwritten signature in black ink that reads "H W & Co." with a period at the end.

Cleveland, Ohio  
February 21, 2020

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

Board of Directors  
Volunteers of America Ohio & Indiana  
(A Non-Profit Organization)

**Report on Compliance for Each Major Federal Program**

We have audited Volunteers of America Ohio & Indiana'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 Ohio & Indiana's major Federal programs for the year ended June 30, 2019. Volunteers of America Ohio & Indiana's major Federal programs are 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 Ohio & Indiana'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 Ohio & Indiana'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 qualified and unmodified opinions on compliance for each major Federal program. However, our audit does not provide a legal determination of Volunteers of America Ohio & Indiana's compliance.

**Basis for Qualified Opinion on CFDA 93.558 Temporary Aid to Needy Families**

As described in the accompanying schedule of findings and questioned costs, Volunteers of America Ohio & Indiana did not comply with requirements regarding CFDA 93.558 Temporary Assistance for Needy Families as described in finding number 2019-01, missing eligibility documentation. Compliance with such requirements is necessary, in our opinion, for Volunteers of America Ohio & Indiana to comply with the requirements applicable to that program.

**Qualified Opinion on CFDA 93.558 Temporary Aid to Needy Families**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Volunteers of America Ohio & Indiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 93.558 Temporary Assistance for Needy Families for the year ended June 30, 2019.

**Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, Volunteers of America Ohio & Indiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the other major Federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

### **Other Matters**

Volunteers of America Ohio & Indiana's response to the compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Volunteers of America Ohio & Indiana's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of Volunteers of America Ohio & Indiana 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 Ohio & Indiana's internal control over compliance with the types of requirements that could have a direct and material effect on the major Federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major Federal programs 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 Ohio & Indiana'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 requirements 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 over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-01 that we consider to be a significant deficiency.

Volunteers of America Ohio & Indiana's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Volunteers of America Ohio & Indiana's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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  
February 21, 2020

# VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2019

### 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?   X   Yes    \_\_\_\_\_ None reported

Type of auditor’s report issued on compliance for major programs: qualified

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.805	U.S. Department of Labor
93.558	U.S. Department of Health and Human Services

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.

# VOLUNTEERS OF AMERICA OHIO & INDIANA

(A Non-Profit Organization)

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2019

### Section III – Federal Award Findings and Questioned Costs

**Significant Deficiency**

**Reference Number:**

2019-01 – Missing eligibility documentation

**Criteria:**

A good system of internal control requires proper controls to be in place to ensure that all eligibility documentation is retained and client files are complete.

**Statement of Condition:**

Multiple eligibility documents were not retained in client files and could not be located.

**Cause:**

Management feels this was an oversight and has corrected the process.

**Effect or Potential Effect:**

Ineligible clients may receive assistance.

**Recommendation:**

We recommend that all required documents be retained in client files.

**Response:**

Management agrees with the recommendation and has implemented controls to prevent issues in the future

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

SCHEDULE OF STATE AND LOCAL GOVERNMENT FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2019

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	\$ 3,586,904	\$ 3,586,904
Indiana Department of Corrections	D25-7-3333/24393-R3	Fee for Service	<u>610,800</u>	<u>610,800</u>
Total state and local government financial assistance			<u><u>\$ 4,197,704</u></u>	<u><u>\$ 4,197,704</u></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 Ohio & Indiana, Inc. under programs from the State of Indiana and local Indiana governmental agencies for the year ended June 30, 2019. 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.