

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SINGLE AUDIT COMPLIANCE REPORTS**

**YEARS ENDED JUNE 30, 2021 AND 2020**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Volunteers of America Minnesota and Wisconsin  
Minneapolis, Minnesota

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

We have audited the accompanying consolidated financial statements of Volunteers of America Minnesota and Wisconsin which comprise the consolidated balance sheets as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Volunteers of America Minnesota and Wisconsin as of June 30, 2021 **and 2020**, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Supplementary Information**

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2021, on our consideration of Volunteers of America Minnesota and Wisconsin'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 effectiveness of Volunteers of America Minnesota and Wisconsin's 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 Minnesota and Wisconsin's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
November 9, 2021

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2021 AND 2020**

<b>ASSETS</b>	2021	2020
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 9,739,487	\$ 1,736,228
Accounts Receivable, Net	4,373,640	4,234,375
Government Contracts and Grants Receivable	1,995,014	1,386,426
Pledges Receivable	11,283	115,117
Prepaid Expenses and Other Current Assets	416,298	423,849
Residents' Funds and Deposits	31,266	84,016
Total Current Assets	16,566,988	7,980,011
<b>PROPERTY AND EQUIPMENT, Net</b>	9,721,342	14,902,141
<b>OTHER ASSETS</b>		
Escrow Funds	514,368	402,327
Funds Held by Foundation	34,763	28,574
Notes Receivable	381,248	-
Assets Under Bond and Indenture Agreements	508,970	544,067
Total Other Assets	1,439,349	974,968
Total Assets	\$ 27,727,679	\$ 23,857,120
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt	\$ 264,841	\$ 273,555
Current Maturities of Capital Lease Obligations	68,350	65,649
Line of Credit	-	679,887
Accounts Payable	819,678	625,031
Accrued Interest	47,607	69,491
Accrued Payroll and Payroll Taxes	1,690,809	1,572,046
Deferred Revenue	170,884	164,890
Refundable Advances	-	2,859
Residents' Funds and Deposits	234,381	103,473
Other Current Liabilities	243,617	317,378
Total Current Liabilities	3,540,167	3,874,259
<b>LONG-TERM LIABILITIES</b>		
Capital Lease Obligations	135,088	202,999
Deferred Loan Agreements	1,256,300	1,722,937
Notes Payable - Paycheck Protection Program	4,899,143	635,809
Accrued Payroll Taxes	1,323,395	465,814
Long-Term Debt, Less Current Maturities	3,011,038	8,474,019
Total Long-Term Liabilities	10,624,964	11,501,578
Total Liabilities	14,165,131	15,375,837
<b>NET ASSETS</b>		
Without Donor Restrictions	12,072,745	6,715,670
Without Donor Restrictions, Noncontrolling Interest	1,235,824	1,369,736
Total Net Assets Without Donor Restrictions	13,308,569	8,085,406
With Donor Restrictions	253,979	395,877
Total Net Assets	13,562,548	8,481,283
Total Liabilities and Net Assets	\$ 27,727,679	\$ 23,857,120

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Direct Public Support	\$ 874,330	\$ 146,014	\$ 1,020,344
Indirect Public Support:			
Volunteer of America Awards and Grants	61,877	-	61,877
Governmental Contract and Grant Revenue	17,566,185	-	17,566,185
Program Service Fees, Medicaid, and Medicare	11,036,033	-	11,036,033
Program Service Fees	8,912,244	-	8,912,244
Expense Reimbursements	19,527	-	19,527
Rental Income	239,709	-	239,709
Gain on Extinguishment of Debt - PPP	635,809	-	635,809
Miscellaneous Income	2,189,854	-	2,189,854
Net Assets Released from Restrictions	287,912	(287,912)	-
Total Support and Revenue	<u>41,823,480</u>	<u>(141,898)</u>	<u>41,681,582</u>
<b>EXPENSES</b>			
Program Services:			
Fostering Independence	19,305,639	-	19,305,639
Encouraging Positive Development	10,736,437	-	10,736,437
Promoting Self-Sufficiency	4,389,236	-	4,389,236
Total Program Services	<u>34,431,312</u>	<u>-</u>	<u>34,431,312</u>
Management and General	4,773,814	-	4,773,814
Fundraising	349,720	-	349,720
Total Expenses	<u>39,554,846</u>	<u>-</u>	<u>39,554,846</u>
<b>CHANGE IN NET ASSETS BEFORE NONOPERATING ACTIVITIES</b>	2,268,634	(141,898)	2,126,736
<b>NONOPERATING ACTIVITIES</b>			
Interest and Dividends	40,264	-	40,264
Gain on Sale of Investment in Subsidiary	888,333	-	888,333
Gain on Sale of Property and Equipment	524,593	-	524,593
Distributions to Subsidiary's Limited Partners	(7,490)	-	(7,490)
Total Nonoperating Activities	<u>1,445,700</u>	<u>-</u>	<u>1,445,700</u>
<b>TRANSFER OF INTEREST IN NET ASSETS ON SALE OF INVESTMENT IN SUBSIDIARY</b>	<u>1,508,829</u>	<u>-</u>	<u>1,508,829</u>
<b>CHANGE IN CONSOLIDATED NET ASSETS</b>	5,223,163	(141,898)	5,081,265
Change in Net Assets Without Restrictions Attributable to Noncontrolling Interest (Subsidiary's Limited Partners)	<u>133,912</u>	<u>-</u>	<u>133,912</u>
Change in Net Assets Attributable to the Parent	5,357,075	(141,898)	5,215,177
Net Assets - Controlling Interest - Beginning of Year	<u>6,715,670</u>	<u>395,877</u>	<u>7,111,547</u>
<b>NET ASSETS - CONTROLLING INTEREST - END OF YEAR</b>	<u>\$ 12,072,745</u>	<u>\$ 253,979</u>	<u>\$ 12,326,724</u>
<b>CHANGE IN NET ASSETS ATTRIBUTABLE TO NONCONTROLLING INTEREST</b>	\$ (133,912)	\$ -	\$ (133,912)
Net Assets - Noncontrolling Interest - Beginning of Year	<u>1,369,736</u>	<u>-</u>	<u>1,369,736</u>
<b>NET ASSETS - NONCONTROLLING INTEREST - END OF YEAR</b>	<u>\$ 1,235,824</u>	<u>\$ -</u>	<u>\$ 1,235,824</u>

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Direct Public Support	\$ 486,651	\$ 453,419	\$ 940,070
Indirect Public Support:			
Volunteer of America Awards and Grants	11,355	-	11,355
Governmental Contract and Grant Revenue	18,048,261	-	18,048,261
Program Service Fees, Medicaid, and Medicare	9,072,398	-	9,072,398
Program Service Fees	9,298,890	-	9,298,890
Expense Reimbursements	31,264	-	31,264
Rental Income	743,677	-	743,677
Miscellaneous Income	2,120,116	-	2,120,116
Net Assets Released from Restrictions	492,202	(492,202)	-
Total Support and Revenue	40,304,814	(38,783)	40,266,031
<b>EXPENSES</b>			
Program Services:			
Fostering Independence	19,928,507	-	19,928,507
Encouraging Positive Development	12,627,657	-	12,627,657
Promoting Self-Sufficiency	4,519,909	-	4,519,909
Total Program Services	37,076,073	-	37,076,073
Management and General	5,405,034	-	5,405,034
Fundraising	375,944	-	375,944
Total Expenses	42,857,051	-	42,857,051
<b>CHANGE IN NET ASSETS BEFORE NONOPERATING ACTIVITIES</b>	(2,552,237)	(38,783)	(2,591,020)
<b>NONOPERATING ACTIVITIES</b>			
Interest and Dividends	9,525	-	9,525
Gain on Sale of Investment in Subsidiary	-	-	-
Gain (Loss) on Sale of Property and Equipment	8,171	-	8,171
Distributions to Subsidiary's Limited Partners	(7,490)	-	(7,490)
Total Nonoperating Activities	10,206	-	10,206
<b>CHANGE IN CONSOLIDATED NET ASSETS</b>	(2,542,031)	(38,783)	(2,580,814)
Change in Net Assets Without Restrictions Attributable to Noncontrolling Interest (Subsidiary's Limited Partners)	92,335	-	92,335
Change in Net Assets Attributable to the Parent	(2,449,696)	(38,783)	(2,488,479)
Net Assets - Controlling Interest - Beginning of Year	9,165,366	434,660	9,600,026
<b>NET ASSETS - CONTROLLING INTEREST - END OF YEAR</b>	\$ 6,715,670	\$ 395,877	\$ 7,111,547
<b>CHANGE IN NET ASSETS ATTRIBUTABLE TO NONCONTROLLING INTEREST</b>	\$ (92,335)	\$ -	\$ (92,335)
Net Assets - Noncontrolling Interest - Beginning of Year	1,462,071	-	1,462,071
<b>NET ASSETS - NONCONTROLLING INTEREST - END OF YEAR</b>	\$ 1,369,736	\$ -	\$ 1,369,736

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2021**

	Fostering Independence	Encouraging Positive Development	Promoting Self- Sufficiency	Management and General			Fundraising	Total
				VOA Of MN	VOA In MN	VOA WI		
Salaries and Wages	\$ 11,686,210	\$ 6,453,678	\$ 2,446,525	\$ 2,510,343	\$ -	\$ 24,149	\$ 257,959	\$ 23,378,864
Employee Benefits	2,513,940	1,309,535	543,949	512,258	-	5,273	55,497	4,940,452
Professional Fees	731,120	195,461	170,730	1,080,732	-	-	7,186	2,185,229
Program Supplies and Expenses	335,059	124,463	90,153	214,373	-	-	-	764,048
Office Supplies and Expenses	484,431	250,844	82,613	39,053	-	520	10,652	868,113
Occupancy	1,426,430	929,670	590,677	196,744	(492,319)	49,869	15,837	2,716,908
Interest	138,211	6,192	2,908	2,531	51,109	-	-	200,951
Travel, Conferences, and Meetings	338,125	104,789	9,449	8,930	(92,822)	4,352	141	372,964
Specific Assistance to Individuals	886,076	1,129,902	424,606	18	-	41	1,008	2,441,651
Other	389,521	162,548	6,385	82,656	29,378	1,860	1,440	673,788
Depreciation and Amortization	376,516	69,355	21,241	17,382	527,384	-	-	1,011,878
<b>Total Expenses</b>	<b>\$ 19,305,639</b>	<b>\$ 10,736,437</b>	<b>\$ 4,389,236</b>	<b>\$ 4,665,020</b>	<b>\$ 22,730</b>	<b>\$ 86,064</b>	<b>\$ 349,720</b>	<b>\$ 39,554,846</b>

See accompanying Notes to Consolidated Financial Statements.



**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020**

	Fostering	Encouraging	Promoting	Management and General			Fundraising	Total
	Independence	Positive Development	Self- Sufficiency	VOA Of MN	VOA In MN	VOA WI		
Salaries and Wages	\$ 11,677,095	\$ 7,271,153	\$ 2,485,026	\$ 2,629,393	\$ -	\$ 130,813	\$ 261,266	\$ 24,454,746
Employee Benefits	2,418,800	1,391,078	548,644	482,753	-	33,031	55,389	4,929,695
Professional Fees	759,533	204,782	187,602	1,443,828	1,718	710	9,436	2,607,609
Program Supplies and Expenses	387,475	145,713	116,405	55,283	-	2,134	356	707,366
Office Supplies and Expenses	455,094	245,066	66,525	27,053	-	1,431	24,905	820,074
Occupancy	1,456,587	1,028,976	637,973	190,770	(485,234)	53,615	13,463	2,896,150
Interest	310,297	11,343	2,779	94,832	54,528	351	-	474,130
Travel, Conferences, and Meetings	540,449	107,760	23,733	58,095	(74,228)	4,354	5,340	665,503
Specific Assistance to Individuals	995,464	1,364,572	421,550	22	-	-	1,282	2,782,890
Other	436,246	801,430	8,431	88,960	46	4,836	4,507	1,344,456
Depreciation and Amortization	491,467	55,784	21,241	58,088	547,852	-	-	1,174,432
<b>Total Expenses</b>	<b>\$ 19,928,507</b>	<b>\$ 12,627,657</b>	<b>\$ 4,519,909</b>	<b>\$ 5,129,077</b>	<b>\$ 44,682</b>	<b>\$ 231,275</b>	<b>\$ 375,944</b>	<b>\$ 42,857,051</b>

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 5,081,265	\$ (2,580,814)
Noncash Adjustments:		
Depreciation and Amortization	1,011,878	1,174,432
Change in Funds Held at Community Foundation	(6,189)	2,243
Gain on Sale of Property and Equipment	(524,593)	(8,171)
Noncash Acquisition of Note Receivable from Sale of Monroe	(381,248)	-
Noncash Transfer of Monroe Assets and Liabilities to Purchaser	(841,879)	-
Noncash Contribution of Fixed Asset	(61,830)	-
Noncash Donations of Low-Interest, Forgivable, or Contributed Loans	(262,726)	(29,853)
Gain on Extinguishment of Debt - PPP	(635,809)	-
Change in Assets and Liabilities:		
Accounts Receivable	(265,570)	1,312,648
Government Contracts and Grants Receivable	(608,588)	284,304
Pledge Receivable	103,834	55,426
Prepaid Expenses and Other Current Assets	(21,899)	(18,116)
Resident's Funds and Deposits	180,429	33,022
Accounts Payable	215,138	(410,050)
Accrued Interest	(5,621)	9,263
Accrued Payroll and Payroll Taxes	976,344	(359,430)
Deferred Revenue	6,212	(32,366)
Other Liabilities	50,344	(12,523)
Net Cash Provided (Used) by Operating Activities	4,009,492	(579,985)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(468,894)	(651,727)
Proceeds from Sale of Property and Equipment	776,000	52,375
Decrease in Escrow Funds	(188,042)	(8,086)
Decrease in Assets Under Bond and Indenture Agreements	(56,502)	(42,164)
Net Cash Provided (Used) by Investing Activities	62,562	(649,602)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Proceeds (Payments) on Line of Credit	(679,887)	645,330
Proceeds from Issuance of Notes Payable - PPP	4,899,143	635,809
Principal Payments of Long-Term Debt and Capital Leases	(288,051)	(328,527)
Net Cash Provided (Used) by Financing Activities	3,931,205	952,612
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	8,003,259	(276,975)
Cash and Cash Equivalents - Beginning of Year	1,736,228	2,013,203
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 9,739,487	\$ 1,736,228
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest Paid	\$ 200,951	\$ 474,130
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Assets Acquired Through Capital Leases	\$ -	\$ 67,586

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The consolidated financial statements for Volunteers of America Minnesota and Wisconsin include Volunteers of America of Minnesota, Volunteers of America in Minnesota, Volunteers of America of Wisconsin, VOA MN 1900, LLC; and 2100 Bloomington, LP which collectively are referred to as the Organization. Volunteers of America Minnesota and Wisconsin is a nonprofit spiritually-based human services organization, incorporated in Minnesota, that provides social services within Minnesota and Wisconsin 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 provides program services in the following Impact Areas:

***Fostering Independence***

Volunteers of America 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. The Organization's older adult services provide home delivered and group meal services, caregiver support, care management and consultation, legal services, senior volunteer programs, and culturally appropriate support for African American and Hmong populations. The Organization's program for people with special needs offers community-based services to those with developmental disabilities and mental illness, increasing their self-sufficiency and community involvement. The Organization also provides outpatient clinical mental health services and targeted case management.

***Encouraging Positive Development***

Volunteers of America 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. Our programs provide a continuum of care and support for young people ages birth to 21 through prevention, early intervention, crisis intervention, and long-term services. The Organization provides residential treatment for children and youth with emotional and chemical dependency challenges; operates an alternative high school for youth and authorizes charter schools; and supports foster care parents who provide residential care to children with high emotional and behavioral needs.

***Promoting Self-Sufficiency***

Volunteers of America 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. Programs include residential reentry services for men and women exiting correctional settings and one-to-one prison visitation and mentoring.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

**Basis of Accounting**

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

**Principles of Consolidation**

The consolidated financial statements include Volunteers of America Minnesota and Wisconsin, Volunteers of America of Minnesota; Volunteers of America in Minnesota; Volunteers of America of Wisconsin; VOA MN 1900, LLC; and 2100 Bloomington, LP (collectively, the Organization). The economic interest and control factors between the organizations require a consolidated financial statement presentation. All material inter-organization transactions and accounts have been eliminated.

Volunteers of America Minnesota and Wisconsin (VOA MNWI) had no assets or liabilities or activity as of June 30, 2021 and 2020

Volunteers of America of Minnesota (VOA of MN) is a nonprofit human services organization, incorporated in Minnesota, that provides social services within the state of Minnesota. VOA MNWI is the sole member of VOA of MN.

Volunteers of America in Minnesota (VOA in MN) is a nonprofit corporation organized for the purposes of holding title to real property and equipment for the benefit of carrying out its affiliate's charitable missionary and social service functions. VOA MNWI is the sole member of VOA in MN.

Volunteers of America of Wisconsin, Inc. (VOA WI) is a nonprofit human services organization, incorporated in Wisconsin, that provides social services within the state of Wisconsin. VOA MNWI is the sole member of VOA WI.

2100 Bloomington, LP (Franklin Station) is a tax credit housing project located at 2100 Bloomington Avenue in Minneapolis that consists of a 90-unit multifamily apartment building for low-income families. The project's general partner is 2100 Bloomington, LLC whose sole member is VOA in MN. The general partner holds a 0.01% equity interest in the project with the remaining 99.99% balance of equity interest held by limited partners.

VOA MN 1900, LLC (Monroe) is a limited liability company that operates a 51-unit senior apartment complex in Minneapolis, Minnesota. Monroe provides affordable housing for seniors over age 55. Monroe has entered into a regulatory agreement with HUD/FHA to operate its senior housing project. VOA of MN is the sole member of Monroe. In November 2020, VOA of MN sold its investment in Monroe.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

**Consolidation of Franklin Station**

The Organization follows the accounting guidance under FASB ASC 810-20. This guidance includes a presumption that a general partner controls the partnership no matter what the ownership interest is and requires the sole general partner in a limited partnership to consolidate the partnership unless that presumption of control is overcome.

Organization evaluated its relationship with Franklin Station in which it is currently the general partner and determined the presumption of control, as defined by accounting guidance, could not be overcome. Therefore, the Organization has consolidated the assets, liabilities, and results of operations and recorded the noncontrolling interest's share of this limited partnership since control was obtained.

**Statement Presentation**

Net assets and revenue, gains and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Without Donor Restrictions* – Net assets without donor restrictions consist of those resources over which the board of directors has discretionary control.

*With Donor Restrictions* – Net assets with donor restrictions consist of those resources which are limited as to use by donor-imposed stipulations or those resources subject to donor-imposed stipulations that they be maintained in perpetuity by the Organization. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as Net Assets Released from Restrictions. The donors of those resources required to be maintained in perpetuity by the Organization permit the Organization to use all or part of the income earned, including capital appreciation or related investment income, for purposes without donor restriction.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, 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 checking and savings accounts. A portion of these balances may exceed the Organization's Federal Deposit Insurance Corporation coverage at times during the year.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

**Accounts Receivable**

Accounts receivable are stated at their net realizable value. The Organization provides for an allowance for uncollectible accounts and provider reductions based on the reserve method using management's judgment. Services are provided on an unsecured basis. Payment for services is required upon receipt of invoice or claim submitted. The allowance for uncollectible accounts and provider reductions was approximately \$332,000 and \$368,000 on June 30, 2021 and 2020, respectively.

**Government Contracts and Grants Receivable**

Government contracts and grants receivable are stated at their net realizable value and relate primarily to contracts and awards to provide various services on a cost-reimbursement basis. These receivables are generally contractually obligated and as such, no allowance was considered necessary at June 30, 2021 and 2020.

**Pledges Receivable**

The Organization accounts for uncollectible pledges receivable by the reserve method. Promises to give that are expected to be collected within one year are recorded at their net realizable value. 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. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the promise is received. Conditional promises to give are not included in support until such time as the conditions are substantially met. Pledges receivable at June 30, 2021 and 2020 are expected to be collected within one year. No allowance was considered necessary at June 30, 2021 and 2020.

**Note Receivable**

VOA in MN holds a surplus cash note receivable from VOA MN 1900, LLC. The note bears simple interest at 6.0% and is receivable in semi-annual installments from only the surplus cash. The principal balance due as of June 30, 2021 is \$381,248 and accrued interest due as of June 30, 2021 is \$13,334. The balance of principal plus accrued interest is due on July 1, 2051.

**Property and Equipment**

Property and equipment purchased by the Organization is recorded at cost at the date of acquisition or fair market value at the date of the donation in the case of donated property. If the donor stipulates how long the asset must be used, the contribution is recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as contributions without donor restrictions. The Organization follows the practice of capitalizing all expenditures for furnishings, equipment, and improvements in excess of \$3,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed on the straight-line method based upon the estimated useful lives of the assets, which range between 3 and 30 years. Leasehold improvements are amortized over the shorter of the life of the asset or the lease term.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
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**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

**Property and Equipment (Continued)**

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

**Financing Fees**

Financing fees consist of issuance costs for certain long-term debt and are amortized over the respective term of the related debt. These costs are presented net with the related long-term debt (Note 8).

**Funds Held by Foundation**

The Organization has established the Volunteers of America of Minnesota Fund accounts at The Minneapolis Foundation and the Saint Paul and Minnesota Foundation. The Organization's agreement with the Foundations states the Foundations will distribute to the Organization the Fund's net income or principal or both as determined by the Foundations. The Organization retains a future economic benefit in the transferred assets and, therefore, has an ongoing economic interest in the net assets of the Foundations.

**Revenue Recognition**

The Organization receives revenue primarily from governmental contracts and grants and program service fees.

Cost-reimbursable federal and state contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions or provided services required by the contract. The Organization was awarded cost-reimbursable grants of approximately \$3.9 million that have not been recognized at June 30, 2021 because qualifying expenditures have not yet been incurred. To the extent that grant advances exist, these amounts are deferred until such time as the related services are provided. Rental income is recognized when earned. Expenditures under governmental contracts are subject to review by the granting authority. While management anticipates no disallowance, to the extent that such a review reduces expenditures allowable under these contracts, the Organization will reduce revenues for the period within which the disallowance is determined.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Program service revenue is primarily derived from services rendered to clients for various types of health services. The services provided by the Organization have no fixed duration and can be terminated by the client at any time, and therefore, each treatment is its own stand-alone contract. Program service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. These amounts are due from third-party payors (including health insurers and government programs), clients and others. Revenue is recognized as performance obligations are satisfied. Performance obligations are satisfied at the point in time when services are rendered.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured clients in accordance with the Organization's policy, and/or implicit price concessions provided to uninsured clients. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policy, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of clients.

Generally patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical information.

**Contributions**

Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give (pledge) 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 use to meet general expenditures unless specifically restricted by the donor.

Contributions of property and equipment are reported as revenues without donor restrictions. Contributions of cash or other assets to be used to acquire property and equipment are reported as revenues with donor restrictions; the restrictions are considered to be released at the time such long-lived assets are placed in service.

**Contributed Services**

Volunteers have made significant contributions of their time to develop, enhance, and deliver the Organization's programs. The value of this contributed volunteer time does not meet the recognition requirements for contributed services and, as such, is not reflected in these statements.



**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

**Operations**

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

**Allocation of 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 consolidated statements of functional expenses present the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the community programs, management and general, and fundraising 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 community programs.

Certain direct care costs are program specific and recorded directly to the program category itself. Salaries that can be allocated to multiple programs are allocated based on an estimate of time provided to each program. Insurance specific to facilities and programs are allocated to each program based on facility costs. Facility costs are allocated based on square footage. Technology expenses are allocated based on the number of full-time equivalent employees.

**Income Taxes**

Under the provision of Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the state of Minnesota and the state of Wisconsin, Volunteers of America Minnesota and Wisconsin and Volunteers of America of Wisconsin, Inc., are 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. are exempt from federal income taxes under Section 501(a) of the Internal Revenue Service as a religious organization described in Section 501(c)(3).

Monroe and Franklin Station are separate legal entities for state law and bankruptcy purposes. However, because Volunteers of America in and of Minnesota are the sole member of these entities, activities of these organizations are included in the Section 501(c)(3) tax filings of Volunteers of America in and of Minnesota.

The Organization's income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization has minimal activities that are subject to tax on unrelated business income.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

**Use of Estimates**

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

**Concentration of Credit Risk**

The Organization receives a significant amount of funding from the government through various grants and contracts. If a significant reduction in the level of this funding were to occur, it might have a significant effect on the Organization's programs and activities.

**Change in Accounting Principle**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. There was no material impact on the Organization's financial position or changes in net assets upon adoption of the new standard using the modified retrospective approach.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 9, 2021, the date the financial statements were available to be issued.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 2 PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	2021	2020
Office Equipment and Devices	\$ 1,906,867	\$ 1,685,207
Vehicles	1,055,911	1,061,986
Furnishings	482,195	630,228
Other Equipment	469,229	443,870
Work in Process	33,914	-
Building and Leasehold Improvements	6,303,863	7,370,926
Buildings	14,245,734	21,376,699
Land	1,440,893	1,661,798
Subtotal	<u>25,938,606</u>	<u>34,230,714</u>
Less: Accumulated Depreciation	(16,217,264)	(19,328,573)
Total	<u>\$ 9,721,342</u>	<u>\$ 14,902,141</u>

**NOTE 3 ESCROW FUNDS**

Escrow funds consisted of the following at June 30:

<u>Description</u>	2021	2020
The HUD Regulatory Agreement related to the Monroe project requires that an escrow be established for the payment of real estate taxes, personal property taxes, and mortgage insurance.	\$ -	\$ 58,731
Under the terms of the IRP Escrow and Debt Service Account Security Agreement with U.S. Bank, Franklin Station has established the accounts to deposit the IRP payments received and to pay monthly principal and interest.	211,433	211,416
Other	<u>302,935</u>	<u>132,180</u>
Total	<u>\$ 514,368</u>	<u>\$ 402,327</u>

**NOTE 4 ASSETS UNDER BOND AND INDENTURE AGREEMENTS**

**For Franklin Station**

*Repair and Replacement Reserve Funds* – An agreement with US Bank to establish the repair and replacement reserve fund to be funded by Franklin Station. The annual reserve amount was initially set at \$27,000 as of May 1, 2007, which is to be increased 3% each year. The reserve shall be used to make disbursements to the project for capital improvements noted.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 4 ASSETS UNDER BOND AND INDENTURE AGREEMENTS (CONTINUED)**

**For Franklin Station (Continued)**

*Real Estate Tax and Insurance Reserve Funds* – An agreement with US Bank to make monthly payments into an interest bearing real estate tax and insurance reserve account. Cash may be withdrawn from this account for payment of real estate and insurance.

*Operating Reserve Funds* – An agreement with US Bank to establish an operating reserve in the amount of \$25,811 at the time of closing.

**For Monroe**

*Replacement Reserve Funds* – An agreement with the U.S. Department of Housing and Urban Development requires Monroe to maintain a reserve for the replacement and major repair of Monroe’s property. Under terms of the agreement, Monroe deposits \$1,275 into the reserve monthly; withdrawals are available only with HUD approval. Funds are held by Monroe in a bank deposit account.

The following is a summary of assets under bond and indenture agreements at cost at June 30:

	2021	2020
Replacement Reserve Funds:		
Money Market Funds	\$ -	\$ 91,599
Repair and Replacement Reserve Funds:		
Money Market Funds	461,574	411,554
Real Estate Tax and Insurance Reserve Funds:		
Money Market Funds	21,379	14,900
Operating Reserve Funds:		
Money Market Funds	26,017	26,014
Total	\$ 508,970	\$ 544,067

**NOTE 5 REFUNDABLE ADVANCES**

The refundable advances represent the unearned federal and state grant revenue. The balance in this account would be disbursed to the grantor should the program no longer be operated by the Organization. When the Organization was awarded the grants, it also was given possession of the equipment used in the programs. This equipment, along with the purchases with grant funds during the term of the Organization’s grant, is property of the grantor and is not recorded as assets of the Organization.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 6 SHORT-TERM CREDIT ARRANGEMENTS**

VOA of MN has a line of credit of \$3,000,000. The line of credit carries a variable interest rate of Prime plus 0.5% with a 4.75% floor (4.25% as of June 30, 2021), and is secured by all Company assets and accounts receivable of VOA of MN. The maturity date is March 1, 2022. The outstanding debt on the line of credit as of June 30, 2021 and 2020 is \$0- and \$679,887, respectively.

VOA WI has a line of credit of \$200,000. The line of credit carries a variable interest rate of Prime plus 1.75% and is secured by a general business security agreement. The maturity date is September 2021 and subsequent to year-end, the Organization has chosen not to renew the line of credit. There is no outstanding debt of the line of credit as of June 30, 2021 and 2020.

**NOTE 7 DEFERRED LOAN AGREEMENTS**

Deferred loan agreements consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Note Payable to the City of Minneapolis Under the NRP Affordable Housing Reserve Fund Deferred Forgivable Loan Program (NRP Note) (Monroe)	\$ -	\$ 443,907
Hennepin County Housing and Redevelopment Authority (IN MN)	400,000	400,000
Federal Home Loan Bank of Des Moines (VOA in MN)	500,000	500,000
Department of Housing and Urban Development Supportive Housing Grant (VOA of MN)	113,650	136,380
Waukesha County (VOA WI)	<u>242,650</u>	<u>242,650</u>
Total	<u>\$ 1,256,300</u>	<u>\$ 1,722,937</u>

The Neighborhood Revitalization Program (NRP) note carries a 1% interest rate and one-third of the note and interest will be forgiven every 10 years starting October 15, 2013, if no event of default occurs. On October 15, 2013, one-third of the note and interest were forgiven, which totaled \$270,400. The funds must be used for affordable housing for low-income families and individuals, including the elderly and persons with special needs within the city of Minneapolis. Expenditures of the NRP funds totaled \$624,000 and were incurred for senior housing construction costs of VOA 1900, LLC. The NRP note was secured by the respective property of VOA 1900, LLC and is no longer held with the sale of Monroe in December 2020.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 7 DEFERRED LOAN AGREEMENTS (CONTINUED)**

Hennepin County Housing and Redevelopment Authority granted VOA in MN a \$400,000 loan for use in construction of a portion of 2100 Bloomington Limited Partnership. The grant agreement required VOA in MN to execute a note with 2100 Bloomington Limited Partnership in the amount of the AHIF funds. VOA in MN may assign its interest in the note to the Authority. The grant agreement expires 30 years from the latter of the date of the agreement or the date all 45 low income units are available to occupancy (May 2037). The grant agreement states VOA in MN shall only be required to repay such funds out of amounts recovered from 2100 Bloomington Limited Partnership pursuant to the note or VOA in MN's mortgage. This effectively limits the ability of the Authority to recover the \$400,000 up to the amount recoverable from 2100 Bloomington Limited Partnership. However, upon expiration of the agreement, VOA in MN is still entitled to receive repayment from 2100 Bloomington Limited Partnership but no longer needs to repay the Authority. The receipt becomes at that time a restricted net asset because the grant agreement requires that the repaid amount be spent on capital improvements for housing in Hennepin County that is affordable to very low-income people.

Federal Home Loan Bank of Des Moines agreement is between the Organization, 2100 Bloomington Limited Partnership, and US Bank NA (the Assignee). VOA in MN is committed to the LLP a loan in the amount of \$500,000, subject to funding by FHLB. The minimum useful life of the project is stated as 15 years (December 31, 2021). During this estimated useful life, the project can only be used for the purposes stated in the agreement. VOA in MN assigned its interest in the mortgage and note receivable. However, after the expiration of the "retention period" the assignment terminates, which is 15 years after substantial completion of the project. Provided certain circumstances in the agreement do not occur, 2100 Bloomington Limited Partnership would still be required to pay the note to Volunteers of America in Minnesota on May 2, 2037 and VOA in MN would not have to repay the assignee.

The Department of Housing and Urban Development supportive housing grant will be forgiven at a rate of 10% beginning August 2016 for each year in excess of 10 years that the Our Home Permanent Supportive Housing project is used as supportive housing. If the project ceases to be used as supportive housing within 10 years after the project is placed in service, VOA of MN will be obligated to repay the entire grant to the Department of Housing and Urban Development.

In 2008, Waukesha County made three 0% interest loans to VOA WI totaling \$242,650 for the rehabilitation of the Marion House. Loans for \$150,000 and \$22,650 were made under Title II, Section 216 and 217 of the National Affordable Housing Act of 1990, and 24 CFR Part 92 (the HOME program), and a loan for \$70,000 was made under Title I of the Housing and Community Development Act of 1974. The loans shall be repayable upon the sale, transfer of title, material noncompliance with the terms of the HOME Rental Project agreement or the Community Development Block Grant agreement, or the change in use of the property. If none of these conditions occur, the loans will be forgiven after 20 years (August 2028).

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 8 LONG-TERM DEBT**

Long-term debt consisted of the following at June 30:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Prudential Mortgage - The mortgage bears interest at the rate of 3.8% per annum and is insured by HUD under Section 221(d)(4) of the Housing Act of 1959. The mortgage is payable in monthly installments of \$23,322 including interest through December 2051. VOA of MN sold its investment in Monroe in December 2020 and no longer holds this note. (Monroe)	\$ -	\$ 5,135,816
The Minnesota Housing Finance Agency loan payable is for the Our Home Permanent Supportive Housing project. The loan is noninterest-bearing and due in a lump sum payment on October 7, 2034, or on an event of default as outlined in the loan agreement. (VOA of MN)	230,000	230,000
The Greater Minnesota Housing Fund note payable is for the Our Home Permanent Supportive Housing project. The note has a face amount of \$120,000 and is noninterest bearing and due in a lump sum payment on October 7, 2034, or on an event of default as outlined in the note agreement. Imputed interest of \$62,572 has been made on this note using an interest rate of 4.61% derived from comparable municipal bond rates from October 2004. This loan is secured by property of the Organization. (VOA of MN)	120,000	120,000
Alerus Bank Mortgage - The note is payable in monthly installments of \$4,569, including interest and principal. The interest rate was set on December 16, 2019 and is fixed at 4.65%. Final payment is due on December 1, 2023 for all unpaid principal and accrued interest. This loan is secured by the real property at Children's Residential Treatment Center in Minnetonka. (VOA of MN)	129,065	176,582

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 8 LONG-TERM DEBT (CONTINUED)**

<u>Description</u>	<u>2021</u>	<u>2020</u>
First Bank & Trust and Blaine Economic Development Authority Mortgage - The mortgage bears a variable interest rate of 4% per annum and is issued to Volunteers of America in Minnesota for property in Blaine, Minnesota. The interest rate was set February 28, 2008 and will be adjusted every five years thereafter equal to the rate of the current five-year treasury bond rate, with a floor of 3.5%. The current rate of interest on the mortgage is 3.5%. The mortgage is payable in monthly installments of \$8,453.00 through February 2033. The property is located at Avanti Center for Girls in Blaine, Minnesota and VOA of MN is a guarantor of the mortgage. (VOA in MN)	\$ 972,027	\$ 1,036,500
First National Bank of Milaca Mortgage - The note is payable in monthly installments of \$862 through June 20, 2019, and in monthly installments of \$900 thereafter, including interest and principal, and is issued to Volunteers of America in Minnesota for property in Milaca, Minnesota. The interest rate is fixed at 5.75% and a final balloon payment is due May 20, 2024. The loan is secured by property in Milaca, Minnesota and Volunteers of America of Minnesota is a guarantor of the mortgage. (VOA in MN)	78,837	84,734
Center for Energy and Environment - The loan is payable in monthly principal installments of \$324 through April 2021. This note was paid in full in 2021. (VOA in MN)	-	3,236
City of Minneapolis, Minnesota - Multifamily Housing Revenue Refunding Notes Series 2006A. Interest-only payments through December 2006. Monthly principal and interest payments of \$8,594 through December 1, 2035. The interest rate is 5.89%. The loan is secured by land, buildings, fixtures, and equipment owned by Franklin Station. (2100 Bloomington)	1,043,890	1,083,406
City of Minneapolis, Minnesota - Community Planning and Economic Development loan with 1% simple interest. No payments required until maturity in May 2036. Loan secured by mortgage assignment of leases and rents and financing statement of Franklin Station. (2100 Bloomington)	300,000	300,000
The Minnesota Housing Finance Agency PARIF - 0% interest loan with no payments until maturity in May 2036. Loan secured by first mortgage, security agreement and fixture financing statement of Franklin Station. (2100 Bloomington)	450,000	450,000



**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 8 LONG-TERM DEBT (CONTINUED)**

<u>Description</u>	<u>2021</u>	<u>2020</u>
Associated Bank - The note is payable in monthly installments of \$859, including interest and principal through August 14, 2021, with a final installment due. The interest rate is fixed at 4.68%. The loan is secured by the Summit house property. Subsequent to year-end, this note was paid in full. (VOA WI)	\$ 82,545	\$ 89,168
IFF - The note is payable in monthly installments of \$1,473, including interest and principal through November 1, 2024. The interest rate was set August 10, 2009 and will be adjusted every five years thereafter equal to the sum of the yield to maturity of United States Treasury obligations with a maturity equal to the maturity date plus 1.75%, with a floor of 5.5%. The current rate of interest on the mortgage is 5.88%. The loan is secured by the Booth house property. (VOA WI)	53,829	68,016
IFF - The note is payable in monthly installments of \$427, including interest and principal through January 1, 2027. The interest rate was set December 8, 2011 and will be adjusted every five years thereafter equal to the sum of the yield to maturity of United States Treasury obligations with a maturity equal to the maturity date plus 2.0%, with a floor of 5.5%. The current rate of interest on the mortgage is 5.25%. The loan is secured by the James house property. (VOA WI)	24,465	28,139
The note is payable to a charitable remainder annuity trust, monthly payments of \$1,750 through the death of the lead trust beneficiaries. The interest rate is imputed at 5.6%. This note was paid in full in 2021. (VOA WI)	-	120,186
The capital lease of Edward house is payable to a charitable remainder annuity trust, monthly payments of \$1,750 through the death of the lead trust beneficiaries. The interest rate is imputed at 5.6%. The capital lease ended in 2021. (VOA WI)	-	120,186
Total	3,484,658	9,045,969
Less: Unamortized Discount (4.61%)	(54,160)	(56,375)
Less: Current Maturities	(264,841)	(273,555)
Less: Financing Fees	(154,619)	(242,020)
Long-Term Debt	<u>\$ 3,011,038</u>	<u>\$ 8,474,019</u>

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 8 LONG-TERM DEBT (CONTINUED)**

The estimated principal payments of long-term debt at June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 264,841
2023	255,751
2024	145,877
2025	112,620
2026	132,687
Thereafter	<u>2,572,882</u>
Total	<u><u>\$ 3,484,658</u></u>

**NOTE 9 NOTES PAYABLE – PAYCHECK PROTECTION PROGRAM**

On June 15, 2020, VOA WI received a loan totaling \$635,809 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (PPP). The PPP loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted by the SBA to the lender, or if VOA WI fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts are subject to forgiveness based on compliance with program requirements and approval by the SBA.

The Organization is following ASC 470, *Debt*, to account for the initial receipts related to the PPP loan. On March 15, 2021, the SBA processed VOA WI's PPP loan forgiveness application and notified the bank the PPP loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date. Therefore, VOA WI was legally released from the debt and the loan forgiveness has been recorded as a gain on extinguishment of debt during the year ended June 30, 2021.

The SBA may review the funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

On May 10, 2021, VOA of MN received a loan totaling \$4,899,143 to fund payroll, rent, utilities, and interest on mortgages and existing debt PPP. The PPP loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. SBA. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted by the SBA to the lender, or if VOA of MN fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts are subject to forgiveness based on compliance with program requirements and approval by the SBA.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 10 CLASSIFICATION OF NET ASSETS**

Net assets with donor restrictions are available for the following purposes at June 30:

	2021	2020
Pledges Receivable	\$ 11,283	\$ 115,117
Purpose Restricted	113,581	154,628
Unamortized Discount on Noninterest-Bearing Note	54,160	56,375
Angel Fund	21,242	22,233
Funds Held in Perpetuity	53,713	47,524
Total	<u>\$ 253,979</u>	<u>\$ 395,877</u>

Net assets released from restriction were released for the following purposes for the years ended June 30:

	2021	2020
Purpose/Time Restrictions	\$ 287,912	\$ 492,202
Total	<u>\$ 287,912</u>	<u>\$ 492,202</u>

Net assets restricted by donors to be maintained in perpetuity totaling \$53,713 and \$47,524 at June 30, 2021 and 2020, respectively, consist of endowment funds.

**NOTE 11 RETIREMENT PLANS**

**Pension Plan – Ministers**

The National Volunteers of America, Inc. sponsors a noncontributory defined benefit pension and retirement plan for ministers nation-wide commissioned prior to December 31, 1999. The plan currently includes one minister within the Organization. The plan is administered through a commercial insurance company under contract to Volunteers of America, Inc. The Organization's expense was \$-0- and \$18,019 for the years ended June 30, 2021 and 2020, respectively. This plan is a multiemployer plan and is not required to record the unfunded pension liability in its financials. The plan's disclosure information regarding the projected benefit obligation and unfunded status as they relate solely to the National Organization is not available, which is typical for multiemployer plans. Because this plan is a church plan and not subject to the Employment Retirement Security Act of 1974 (ERISA), the Organization is not required to file a Form 5500. The unfunded liability is collectively the liability of all participating employers. If there were any cash shortfalls in the plan, the plan would look towards the participating employers to help fund these amounts. As the participating employers of this plan are affiliated with the Organization, it is not anticipated that any employer will choose to stop participating.

The financial health of the multiemployer pension plan is indicated by the zone status, as defined by the Pension Protection Act of 2006, which represents the funded status of the plan as certified by the plan's actuary. Plans in the red zone are less than 65% funded, the yellow zone are between 65% and 80% funded, and the green zone are at least 80% funded. As of June 30, 2021, the multiemployer plan is in red zone status. As of June 30, 2020, the multiemployer plan is in red zone status.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 12 LEASES**

The Organization leases certain building space, office equipment, and vehicles under various operating and capital leases. Some of the building space and most of the office equipment are under leases that can be canceled upon 30-day written notice. Rent expense incurred under leases totaled \$835,503 and \$927,873 for the years ended June 30, 2021 and 2020, respectively.

The following is a summary of future minimum rental payments under operating leases:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 782,710
2023	600,803
2024	481,104
2025	451,999
2026	447,878
Thereafter	977,837
Total	<u>\$ 3,742,331</u>

The following is a summary of future minimum rental payments under capital leases:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 81,173
2023	61,048
2024	50,342
2025	30,205
2026	285
Total Minimum Lease Payments	223,053
Less Amount Representing Interest	(19,615)
Capital Lease Obligation	<u>\$ 203,438</u>

**NOTE 13 RELATED PARTY TRANSACTIONS**

The Organization is affiliated with Volunteers of America, Inc., which provides supporting services to the Organization for a fee. Charter service fees for the fiscal years ended June 30, 2021 and 2020 were \$796,572 and \$778,773, respectively. The amount due to Volunteers of America National Services is \$80,569 and \$77,143 at June 30, 2021 and 2020, respectively.

The Organization received a contribution of \$61,877 and \$11,355 from Volunteers of America, Inc. during the years ended June 30, 2021 and 2020, respectively.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 14 COMMITMENTS AND CONTINGENCIES**

**Legal Contingencies**

The Organization is involved in various legal claims and disputes arising in the ordinary course of business. Although it is not possible to predict the outcome of these matters, it is management's opinion that the outcomes will not have a material effect on the consolidated balance sheets of the Organization.

**NOTE 15 LIQUIDITY AND AVAILABILITY**

The Organization manages its liquidity to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity including cash and cash equivalents, accounts receivable, pledges receivable, and a line of credit. In addition to its financial assets, the Organization operates with a balanced budget and anticipates collecting enough revenue to cover general expenditures.

As of June 30, 2021 and 2020, the following table shows the amounts of financial assets due within one year of the balance sheet date available for general expenditures:

	<u>2021</u>	<u>2020</u>
Cash	\$ 9,739,487	\$ 1,736,228
Accounts Receivable, Net	4,373,640	4,234,375
Government Contracts and Grants Receivable	1,995,014	1,386,426
Pledges Receivable	11,283	115,117
Less: Assets With Donor Restrictions	(253,979)	(395,877)
Total	<u>\$ 15,865,445</u>	<u>\$ 7,076,269</u>

As part its liquidity management practices, the Organization has a goal to maintain cash and cash equivalents with available lines of credit to meet 30 days of normal operating expenses. As of June 30, 2021 and 2020, the following table shows the calculated available cash:

	<u>2021</u>	<u>2020</u>
Cash	\$ 9,739,487	\$ 1,736,228
Available Lines of Credit	3,000,000	2,520,113
Total Cash Available	<u>\$ 12,739,487</u>	<u>\$ 4,256,341</u>
Days of Available Cash	<u>120</u>	<u>37</u>

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
CONSOLIDATING BALANCE SHEET  
JUNE 30, 2021**

	VOA in Minnesota			Subtotal	VOA of Minnesota		VOA Wisconsin	Adjustments And Eliminations	Total
	VOA in Minnesota	Subsidiaries			VOA of Minnesota Programs				
		Monroe	Franklin Station						
<b>ASSETS</b>									
<b>CURRENT ASSETS</b>									
Cash and Cash Equivalents	\$ 6,083	\$ -	\$ 241,544	\$ 247,627	\$ 9,030,819	\$ 461,041	\$ -	\$ -	\$ 9,739,487
Accounts Receivables, Net	113,344	-	7,443	120,787	3,864,870	387,983	-	-	4,373,640
Government Contracts and Grants Receivable	-	-	-	-	1,995,014	-	-	-	1,995,014
Pledges Receivable	-	-	-	-	11,283	-	-	-	11,283
Prepaid Expenses and Other Current Assets	-	-	11,486	11,486	367,277	37,535	-	-	416,298
Residents' Funds and Deposits	-	-	25,562	25,562	5,704	-	-	-	31,266
Due from (to) Affiliates	9,343,969	-	(766,906)	8,577,063	(9,573,344)	996,281	-	-	-
Total Current Assets	<u>9,463,396</u>	<u>-</u>	<u>(480,871)</u>	<u>8,982,525</u>	<u>5,701,623</u>	<u>1,882,840</u>	<u>-</u>	<u>-</u>	<u>16,566,988</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>3,888,836</b>	<b>-</b>	<b>3,208,934</b>	<b>7,097,770</b>	<b>1,721,097</b>	<b>902,475</b>	<b>-</b>	<b>-</b>	<b>9,721,342</b>
<b>OTHER ASSETS</b>									
Escrow Funds	-	-	318,972	318,972	195,396	-	-	-	514,368
Funds Held by Foundation	-	-	-	-	34,763	-	-	-	34,763
Assets Under Bond and Indenture Agreements	-	-	508,970	508,970	-	-	-	-	508,970
Notes Receivable	381,248	-	-	381,248	-	-	-	-	381,248
Total Other Assets	<u>381,248</u>	<u>-</u>	<u>827,942</u>	<u>1,209,190</u>	<u>230,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,439,349</u>
<b>Total Assets</b>	<b><u>\$ 13,733,480</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,556,005</u></b>	<b><u>\$ 17,289,485</u></b>	<b><u>\$ 7,652,879</u></b>	<b><u>\$ 2,785,315</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 27,727,679</u></b>

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
CONSOLIDATING BALANCE SHEET (CONTINUED)  
JUNE 30, 2021**

	VOA in Minnesota			VOA of Minnesota		VOA Wisconsin	Adjustments And Eliminations	Total
	VOA in Minnesota	Subsidiaries		VOA of Minnesota Programs				
		Monroe	Franklin Station	Subtotal				
<b>CURRENT LIABILITIES</b>								
Current Maturities of Long-Term Debt	\$ 74,426	\$ -	\$ 39,490	\$ 113,916	\$ 49,810	\$ 101,115	\$ -	\$ 264,841
Current Maturities of Capital Lease Obligations	40,596	-	-	40,596	-	27,754	-	68,350
Lines of Credit	-	-	-	-	-	-	-	-
Accounts Payable	9,473	-	38,212	47,685	755,270	16,723	-	819,678
Accrued Interest	2,107	-	45,500	47,607	-	-	-	47,607
Accrued Payroll and Payroll Taxes	-	-	-	-	1,544,773	146,036	-	1,690,809
Deferred Revenue	-	-	4,700	4,700	18,943	147,241	-	170,884
Refundable Advances	-	-	-	-	-	-	-	-
Residents' Funds and Deposits	-	-	22,587	22,587	207,000	4,794	-	234,381
Other Current Liabilities	101,228	-	70,337	171,565	72,052	-	-	243,617
Total Current Liabilities	<u>227,830</u>	<u>-</u>	<u>220,826</u>	<u>448,656</u>	<u>2,647,848</u>	<u>443,663</u>	<u>-</u>	<u>3,540,167</u>
<b>LONG-TERM LIABILITIES</b>								
Capital Lease Obligations	74,245	-	-	74,245	-	60,843	-	135,088
Deferred Loan Agreements	-	-	-	-	113,650	242,650	900,000	1,256,300
Notes Payable - Paycheck Protection Program	-	-	-	-	4,899,143	-	-	4,899,143
Accrued Payroll Taxes	-	-	-	-	1,182,782	140,613	-	1,323,395
Long-Term Debt, Less Current Maturities	944,714	-	2,531,497	3,476,211	375,223	59,604	(900,000)	3,011,038
Total Long-Term Liabilities	<u>1,018,959</u>	<u>-</u>	<u>2,531,497</u>	<u>3,550,456</u>	<u>6,570,798</u>	<u>503,710</u>	<u>-</u>	<u>10,624,964</u>
Total Liabilities	1,246,789	-	2,752,323	3,999,112	9,218,646	947,373	-	14,165,131
<b>NET ASSETS (DEFICIT)</b>								
Without Donor Restrictions (Deficit)	12,467,741	-	(432,142)	12,035,599	(1,779,554)	1,816,700	-	12,072,745
Noncontrolling Interest (Subsidiary's Limited Partners)	-	-	1,235,824	1,235,824	-	-	-	1,235,824
Total Net Assets Without Donor Restrictions (Deficit)	12,467,741	-	803,682	13,271,423	(1,779,554)	1,816,700	-	13,308,569
With Donor Restrictions	18,950	-	-	18,950	213,787	21,242	-	253,979
Total Net Assets ( Deficit)	<u>12,486,691</u>	<u>-</u>	<u>803,682</u>	<u>13,290,373</u>	<u>(1,565,767)</u>	<u>1,837,942</u>	<u>-</u>	<u>13,562,548</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 13,733,480</u>	<u>\$ -</u>	<u>\$ 3,556,005</u>	<u>\$ 17,289,485</u>	<u>\$ 7,652,879</u>	<u>\$ 2,785,315</u>	<u>\$ -</u>	<u>\$ 27,727,679</u>

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

	VOA in Minnesota Subsidiaries			Subtotal	VOA of Minnesota Programs		VOA Wisconsin	Adjustments And Eliminations	Total
	VOA in Minnesota	Monroe	Franklin Station		VOA of Minnesota Programs	VOA Wisconsin			
<b>NET ASSETS WITHOUT RESTRICTIONS</b>									
Support and Revenue:									
Direct Public Support	\$ -	\$ -	\$ -	\$ -	\$ 519,601	354,729	\$ -	\$ 874,330	
Indirect Public Support:									
Volunteers of America Awards and Grants	-	-	-	-	58,460	3,417	-	61,877	
Government Contract and Grant Revenue	-	-	1,151	1,151	17,478,690	86,344	-	17,566,185	
Program Service Fees, Medicaid, and Medicare	-	-	-	-	6,291,728	4,744,305	-	11,036,033	
Program Service Fees	-	-	897,314	897,314	8,102,238	1,684	(88,992)	8,912,244	
Expense Reimbursements	-	-	-	-	19,527	-	-	19,527	
Rental Income	787,296	246,033	-	1,033,329	28,685	-	(822,305)	239,709	
Gain on Extinguishment of Debt - PPP	-	-	-	-	-	635,809	-	635,809	
Miscellaneous Income	-	189	4,472	4,661	2,783,870	11,980	(610,657)	2,189,854	
Net Assets Released from Restrictions	-	-	-	-	286,904	1,008	-	287,912	
Total Support and Revenue	787,296	246,222	902,937	1,936,455	35,569,703	5,839,276	(1,521,954)	41,823,480	
<b>EXPENSES</b>									
Program Services:									
Fostering Independence	-	265,530	1,029,442	1,294,972	16,331,505	4,626,789	(2,947,627)	19,305,639	
Positive Development	-	-	-	-	12,732,049	-	(1,995,612)	10,736,437	
Promoting Self-Sufficiency	-	-	-	-	4,946,270	-	(557,034)	4,389,236	
Total Program Services	-	265,530	1,029,442	1,294,972	34,009,824	4,626,789	(5,500,273)	34,431,312	
Management and General	810,027	-	-	810,027	(42,471)	85,680	3,920,578	4,773,814	
Fundraising	-	-	-	-	347,579	2,141	-	349,720	
Total Expenses	810,027	265,530	1,029,442	2,104,999	34,314,932	4,714,610	(1,579,695)	39,554,846	
<b>CHANGE IN NET ASSETS BEFORE NONOPERATING ACTIVITIES</b>	(22,731)	(19,308)	(126,505)	(168,544)	1,254,771	1,124,666	57,741	2,268,634	



**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

	VOA in Minnesota Subsidiaries			VOA of Minnesota		VOA Wisconsin	Adjustments And Eliminations	Total
	VOA in Minnesota	Monroe	Franklin Station	Subtotal	VOA of Minnesota Programs			
<b>NONOPERATING ACTIVITIES</b>								
Interest and Dividends	\$ 73,598	\$ 2	\$ 70	\$ 73,670	\$ 24,318	\$ 17	\$ (57,741)	\$ 40,264
Gain on Sale of Investment in Subsidiary	888,333	-	-	888,333	-	-	-	888,333
Gain on Sale of Property and Equipment	524,593	-	-	524,593	-	-	-	524,593
Distributions to Subsidiary's Limited Partners	-	-	(74,891)	(74,891)	67,401	-	-	(7,490)
Total Nonoperating Activities	<u>1,486,524</u>	<u>2</u>	<u>(74,821)</u>	<u>1,411,705</u>	<u>91,719</u>	<u>17</u>	<u>(57,741)</u>	<u>1,445,700</u>
<b>TRANSFER OF INTEREST IN NET ASSETS ON SALE OF INVESTMENT IN SUBSIDIARY</b>	<u>-</u>	<u>1,207,293</u>	<u>-</u>	<u>1,207,293</u>	<u>-</u>	<u>-</u>	<u>301,536</u>	<u>1,508,829</u>
<b>CHANGE IN NET ASSETS WITHOUT RESTRICTIONS (DEFICIT) BEFORE NONCONTROLLING INTEREST</b>	1,463,793	1,187,987	(201,326)	1,243,161	1,346,490	1,124,683	301,536	5,223,163
Noncontrolling Interest (Subsidiary's Limited Partners)	<u>-</u>	<u>-</u>	<u>133,912</u>	<u>133,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,912</u>
<b>CHANGE IN NET ASSETS WITHOUT RESTRICTIONS (DEFICIT) CONTROLLING INTEREST</b>	1,463,793	1,187,987	(67,414)	1,377,073	1,346,490	1,124,683	301,536	5,357,075
<b>NET ASSETS WITH RESTRICTIONS</b>								
Support and Revenue:								
Direct Public Support	-	-	-	-	145,997	17	-	146,014
Net Assets Released from Restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(286,904)</u>	<u>(1,008)</u>	<u>-</u>	<u>(287,912)</u>
<b>CHANGE IN NET ASSETS WITH RESTRICTIONS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(140,907)</u>	<u>(991)</u>	<u>-</u>	<u>(141,898)</u>
<b>CHANGE IN NET ASSETS (DEFICIT) - CONTROLLING INTEREST</b>	<u>\$ 1,463,793</u>	<u>\$ 1,187,987</u>	<u>\$ (67,414)</u>	<u>\$ 1,377,073</u>	<u>\$ 1,205,583</u>	<u>\$ 1,123,692</u>	<u>\$ 301,536</u>	<u>\$ 5,215,177</u>



**INDEPENDENT AUDITORS' 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 Minnesota and Wisconsin  
Minneapolis, Minnesota

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 consolidated financial statements of Volunteers of America Minnesota and Wisconsin, which comprise the consolidated balance sheet as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 9, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Volunteers of America Minnesota and Wisconsin'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Volunteers of America Minnesota and Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of Volunteers of America Minnesota and Wisconsin'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 consolidated 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings, and questioned costs as 2020-001, that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Volunteers of America Minnesota and Wisconsin's consolidated financial statements are free from 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*.

### **Volunteers of America Minnesota and Wisconsin's Response to Findings**

Volunteers of America Minnesota and Wisconsin's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Volunteers of America Minnesota and Wisconsin'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 Volunteers of America Minnesota and Wisconsin's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Volunteers of America Minnesota and Wisconsin's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
November 9, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Volunteers of America Minnesota and Wisconsin  
Minneapolis, Minnesota

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

We have audited Volunteers of America Minnesota and Wisconsin's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Volunteers of America Minnesota and Wisconsin's major federal program for the year ended June 30, 2021. Volunteers of America Minnesota and Wisconsin's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The Organization's consolidated financial statements include the operations of VOA MN 1900, LLC. VOA MN 1900, LLC had \$5,135,816 in federal expenditures that are not included in the Organization's Schedule of Expenditures of Federal Awards for the year ended June 30, 2021. Our audit of the major federal programs of the Organization did not include the major federal programs of VOA MN 1900, LLC because the U.S. Department of Housing and Urban Development requires a separate compliance audit be performed on this entity in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

***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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Volunteers of America Minnesota and Wisconsin'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 Minnesota and Wisconsin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

***Auditors' Responsibility (Continued)***

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 Minnesota and Wisconsin's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Volunteers of America Minnesota and Wisconsin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2021.

**Report on Internal Control Over Compliance**

Management of Volunteers of America Minnesota and Wisconsin 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 Minnesota and Wisconsin's internal control over compliance with the types of requirements that could have a direct and material effect on the federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Minnesota and Wisconsin'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 a 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. 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.

Board of Directors  
Volunteers of America Minnesota and Wisconsin

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the consolidated financial statements of Volunteers of America Minnesota and Wisconsin as of and for the year ended June 30, 2021, and have issued our report thereon dated November 9, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
November 9, 2021

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2021**

Grant Description	Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Health and Human Services:</b>					
Aging Cluster of Programs:					
Special Programs for the Aging - Title III Part C Nutrition Services	93.045	Metropolitan Area Agency on Aging, Inc.	311-20-003C-118 311-21-003C-118 311-20-003B-177	\$ 157,724	\$ 1,079,849
Special Programs for the Aging - Title III Part B Grants for Supportive Services and Senior Centers Subtotal of Aging Cluster	93.044	Metropolitan Area Agency on Aging, Inc.	311-21-003B-177 311-21-003B-225	-	338,616
				157,724	1,418,465
National Family Caregiver Support - Title III Part E	93.052	Metropolitan Area Agency on Aging, Inc.	311-20-003E-193 311-21-003E-193	-	168,580
Alzheimer's Disease Initiative - REACH II	93.763	AOA PPHF Alzheimer's Disease Initiative - Supportive Services	90ALGG0017-01-00	-	130,619
Centers for Disease Control and Prevention Total U.S. Department of Health and Human Services	93.898	Cancer Prevention and Control Programs	190521 6NU58DP006337-04- 01	-	18,137
				157,724	1,735,801
<b>Corporation for National and Community Service:</b>					
Retired and Senior Volunteer Program	94.002	Corporation for National and Community Service	21SR230845	-	299,350
<b>U.S. Department of Housing and Urban Development:</b>					
Supportive Housing Program - Our Home Capital Supportive Housing	14.235	U.S. Dept of Housing and Urban Development	MN0092L5K051912	-	114,440
<b>U.S. Department of Agriculture:</b>					
Child Nutrition Cluster of Programs:					
National School Lunch Program: Alternative Middle School/Bar-None Center/Children's Residential Treatment Center	10.555	Minnesota Department of Children, Families, & Learning	N/A	-	56,668
National School Breakfast Program: Alternative Middle School/Bar-None Center/Children's Residential Treatment Center	10.553	Minnesota Department of Children, Families, & Learning	N/A	-	34,847
Subtotal of Child Nutrition Cluster				-	91,515
<b>U.S. Department of Justice</b>					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Minnesota Department of Public Safety	A-JAG-2019- VOAMN-00019	-	34,990
Coronavirus Emergency Supplemental Funding Program	16.034	Minnesota Department of Public Safety	A-CESF-2021- VOAMN-00085	-	4,926
Total U.S. Department of Justice				-	39,916
				-	-
Total Federal Financial Assistance				\$ 157,724	\$ 2,281,022

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2021**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Volunteers of America Minnesota and Wisconsin under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of 2 CFR 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 Minnesota and Wisconsin, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Volunteers of America Minnesota and Wisconsin.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Volunteers of America Minnesota and Wisconsin has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 COMMINGLED FUNDS**

The following programs, while primarily federally funded, include state funding and, therefore, all expenditures have been included in the Schedule of Expenditures of Federal Awards. The Organization did not receive information to determine the exact federal portion of the following total expenditures:

CFDA #93.045	\$1,079,849
Special Programs for the Aging – Title III Part C Nutrition Services	



**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2021**

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***Section I – Summary of Auditors' Results***

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**Financial Statements**

1. Type of Auditors' Report Issued: Unmodified
2. Internal Control over Financial Reporting:
- Material Weakness(es) Identified?     X     Yes            No
  - Significant Deficiency(ies) Identified?            Yes     X     None Reported
3. Noncompliance Material to Financial Statements Noted?            Yes     X     No

**Federal Awards**

1. Internal Control over Major Programs:
- Material Weakness(es) Identified?            Yes     X     No
  - Significant Deficiency(ies) Identified?            Yes     X     None Reported
2. Type of Auditors' Report Issued on Compliance for the Major Programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?            Yes     X     No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.045	Special Programs for the Aging - Title III Part C Nutrition Services
93.044	Special Programs for the Aging - Title III Part B Grants for Supportive Services and Senior Centers

- Dollar threshold used to distinguish between type A and type B programs: \$750,000
- Auditee qualified as low-risk auditee?            Yes     X     No

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021**

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***Section II – Financial Statement Findings***

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**2021-001 Material Weakness in Internal Control over Financial Reporting: Financial Statement Preparation**

**Condition:** The Organization required assistance with the application of accounting disclosures and procedures related to certain disclosures significant to the consolidated financial statements and preparation of the year-end financial statements.

**Criteria:** Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, results of operations, cash flows, and disclosures in the consolidated financial statements, in conformity with accounting principles generally accepted in the United States of America.

**Effect:** Consolidated financial statements could be missing required disclosure information.

**Cause:** The Organization requested us to assist in preparing a draft of the consolidated financial statements, including the related footnote disclosures.

**Repeat Finding:** The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2020-001.

**Recommendation:** The Organization should evaluate their financial reporting processes and controls, including the expertise of its internal staff, to determine whether additional controls over the preparation of consolidated financial statements can be implemented to provide reasonable assurance that the consolidated financial statements are prepared in accordance with GAAP.

**View of Responsible Officials:** Management will continue to rely on the audit firm to draft the consolidated financial statements and the related notes to the consolidated financial statements, and will review, approve, and accept responsibility for the annual consolidated financial statements prior to their issuance.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

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