

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Volunteers of America Minnesota and Wisconsin and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Volunteers of America Minnesota and Wisconsin's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Volunteers of America Minnesota and Wisconsin's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Volunteers of America Minnesota and Wisconsin's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
January 24, 2023

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2022 AND 2021**

ASSETS	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 7,238,220	\$ 9,739,487
Accounts Receivable, Net	3,447,419	4,373,640
Government Contracts and Grants Receivable	3,725,274	1,995,014
Pledges Receivable	10,922	11,283
Prepaid Expenses and Other Current Assets	406,612	416,298
Residents' Funds and Deposits	28,332	31,266
Total Current Assets	14,856,779	16,566,988
PROPERTY AND EQUIPMENT, Net	8,518,981	9,721,342
PROPERTY HELD FOR SALE	631,402	-
OTHER ASSETS		
Escrow Funds	325,851	514,368
Funds Held by Foundation	32,990	34,763
Notes Receivable	381,248	381,248
Assets Under Bond and Indenture Agreements	565,032	508,970
Total Other Assets	1,305,121	1,439,349
Total Assets	\$ 25,312,283	\$ 27,727,679

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED BALANCE SHEETS (CONTINUED)
JUNE 30, 2022 AND 2021**

LIABILITIES AND NET ASSETS	2022	2021
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 259,298	\$ 264,841
Current Maturities of Capital Lease Obligations	65,410	68,350
Accounts Payable	656,637	819,678
Accrued Interest	58,107	47,607
Accrued Payroll and Payroll Taxes	2,005,880	1,690,809
Deferred Revenue	240,385	170,884
Residents' Funds and Deposits	39,125	234,381
Other Current Liabilities	200,448	243,617
Total Current Liabilities	3,525,290	3,540,167
LONG-TERM LIABILITIES		
Capital Lease Obligations	63,854	135,088
Deferred Loan Agreements	733,570	1,256,300
Notes Payable - Paycheck Protection Program	-	4,899,143
Accrued Payroll Taxes	-	1,323,395
Long-Term Debt, Less Current Maturities	2,765,662	3,011,038
Total Long-Term Liabilities	3,563,086	10,624,964
Total Liabilities	7,088,376	14,165,131
NET ASSETS		
Without Donor Restrictions	16,377,842	12,072,745
Without Donor Restrictions, Noncontrolling Interest	1,158,222	1,235,824
Total Net Assets Without Donor Restrictions	17,536,064	13,308,569
With Donor Restrictions	687,843	253,979
Total Net Assets	18,223,907	13,562,548
Total Liabilities and Net Assets	\$ 25,312,283	\$ 27,727,679

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Direct Public Support	\$ 493,954	\$ 667,914	\$ 1,161,868
Indirect Public Support:			
Volunteer of America Awards and Grants	87,562	-	87,562
Governmental Contract and Grant Revenue	15,654,116	-	15,654,116
Program Service Fees, Medicaid, and Medicare	5,797,564	-	5,797,564
Program Service Fees	7,417,438	-	7,417,438
Expense Reimbursements	8,195	-	8,195
Rental Income	-	-	-
Gain on Extinguishment of Debt	5,399,142	-	5,399,142
Miscellaneous Income	2,624,473	-	2,624,473
Net Assets Released from Restrictions	234,050	(234,050)	-
Total Support and Revenue	<u>37,716,494</u>	<u>433,864</u>	<u>38,150,358</u>
EXPENSES			
Program Services:			
Fostering Independence	14,208,882	-	14,208,882
Encouraging Positive Development	9,441,925	-	9,441,925
Promoting Self-Sufficiency	4,165,391	-	4,165,391
Total Program Services	<u>27,816,198</u>	<u>-</u>	<u>27,816,198</u>
Management and General	5,513,054	-	5,513,054
Fundraising	311,963	-	311,963
Total Expenses	<u>33,641,215</u>	<u>-</u>	<u>33,641,215</u>
CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS	4,075,279	433,864	4,509,143
DISCONTINUED OPERATIONS			
Program Service Fees, Medicaid, and Medicare	4,438,751	-	4,438,751
Other Income	1,664	-	1,664
Expenses	(4,358,710)	-	(4,358,710)
Net Income from Discontinued Operations	<u>81,705</u>	<u>-</u>	<u>81,705</u>
NONOPERATING ACTIVITIES			
Interest and Dividends	19,592	-	19,592
Loss on Sale of Property and Equipment	50,919	-	50,919
Distributions to Subsidiary's Limited Partners	-	-	-
Total Nonoperating Activities	<u>70,511</u>	<u>-</u>	<u>70,511</u>
CHANGE IN CONSOLIDATED NET ASSETS	4,227,495	433,864	4,661,359
Change in Net Assets Without Restrictions			
Attributable to Noncontrolling Interest (Subsidiary's Limited Partners)	<u>77,602</u>	<u>-</u>	<u>77,602</u>
Change in Net Assets Attributable to the Parent	4,305,097	433,864	4,738,961
Net Assets - Controlling Interest - Beginning of Year	<u>12,072,745</u>	<u>253,979</u>	<u>12,326,724</u>
NET ASSETS - CONTROLLING INTEREST - END OF YEAR	<u>\$ 16,377,842</u>	<u>\$ 687,843</u>	<u>\$ 17,065,685</u>

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGE IN NET ASSETS ATTRIBUTABLE TO NONCONTROLLING INTEREST	\$ (77,602)	\$ -	\$ (77,602)
Net Assets - Noncontrolling Interest - Beginning of Year	1,235,824	-	1,235,824
NET ASSETS - NONCONTROLLING INTEREST - END OF YEAR	\$ 1,158,222	\$ -	\$ 1,158,222

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
SUPPORT AND REVENUE			
Direct Public Support	\$ 519,601	\$ 146,014	\$ 665,615
Indirect Public Support:			
Volunteer of America Awards and Grants	58,460	-	58,460
Governmental Contract and Grant Revenue	17,479,841	-	17,479,841
Program Service Fees, Medicaid, and Medicare	6,291,728	-	6,291,728
Program Service Fees	8,910,560	-	8,910,560
Expense Reimbursements	19,527	-	19,527
Rental Income	239,709	-	239,709
Miscellaneous Income	2,177,874	-	2,177,874
Net Assets Released from Restrictions	287,912	(287,912)	-
Total Support and Revenue	<u>35,985,212</u>	<u>(141,898)</u>	<u>35,843,314</u>
EXPENSES			
Program Services:			
Fostering Independence	14,989,136	-	14,989,136
Encouraging Positive Development	10,736,437	-	10,736,437
Promoting Self-Sufficiency	4,389,236	-	4,389,236
Total Program Services	<u>30,114,809</u>	<u>-</u>	<u>30,114,809</u>
Management and General	4,688,134	-	4,688,134
Fundraising	347,579	-	347,579
Total Expenses	<u>35,150,522</u>	<u>-</u>	<u>35,150,522</u>
CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS	834,690	(141,898)	692,792
DISCONTINUED OPERATIONS			
Program Service Fees, Medicaid, and Medicare	4,744,305	-	4,744,305
Other Income	458,154	-	458,154
Gain on Extinguishment of Debt - PPP	635,809	-	635,809
Expenses	(4,404,324)	-	(4,404,324)
Net Income from Discontinued Operations	<u>1,433,944</u>	<u>-</u>	<u>1,433,944</u>
NONOPERATING ACTIVITIES			
Interest and Dividends	40,264	-	40,264
Gain on Sale of Investment in Subsidiary	888,333	-	888,333
Gain (Loss) 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>
TRANSFER OF INTEREST IN NET ASSETS ON SALE OF INVESTMENT IN SUBSIDIARY	<u>1,508,829</u>	<u>-</u>	<u>1,508,829</u>
CHANGE IN CONSOLIDATED NET ASSETS	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

See accompanying Notes to Consolidated Financial Statements.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net Assets - Controlling Interest - Beginning of Year	<u>\$ 6,715,670</u>	<u>\$ 395,877</u>	<u>\$ 7,111,547</u>
NET ASSETS - CONTROLLING INTEREST - END OF YEAR	<u><u>\$ 12,072,745</u></u>	<u><u>\$ 253,979</u></u>	<u><u>\$ 12,326,724</u></u>
CHANGE IN NET ASSETS ATTRIBUTABLE TO NONCONTROLLING INTEREST	\$ (133,912)	\$ -	\$ (133,912)
Net Assets - Noncontrolling Interest - Beginning of Year	<u>1,369,736</u>	<u>-</u>	<u>1,369,736</u>
NET ASSETS - NONCONTROLLING INTEREST - END OF YEAR	<u><u>\$ 1,235,824</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,235,824</u></u>

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program Services					Total
	Fostering Independence	Encouraging Positive Development	Promoting Self- Sufficiency	Management and General	Fundraising	
Salaries and Wages	\$ 8,511,634	\$ 5,744,732	\$ 2,342,247	\$ 2,555,587	\$ 197,386	\$ 19,351,586
Employee Benefits	1,766,869	1,135,620	480,930	453,124	40,442	3,876,985
Professional Fees	721,955	205,686	186,710	1,159,055	16,940	2,290,346
Program Supplies and Expenses	189,736	123,596	104,076	260,539	5,052	682,999
Office Supplies and Expenses	389,067	259,209	84,890	46,138	29,601	808,905
Occupancy	800,209	651,036	528,053	228,657	1,862	2,209,817
Interest	109,639	5,018	-	45,394	-	160,051
Travel, Conferences, and Meetings	192,249	118,754	15,422	29,591	391	356,407
Specific Assistance to Individuals	660,027	937,495	380,087	-	-	1,977,609
Other	713,170	188,476	21,735	145,513	20,289	1,089,183
Depreciation and Amortization	154,327	72,303	21,241	589,456	-	837,327
Total Expenses	<u>\$ 14,208,882</u>	<u>\$ 9,441,925</u>	<u>\$ 4,165,391</u>	<u>\$ 5,513,054</u>	<u>\$ 311,963</u>	<u>\$ 33,641,215</u>

See accompanying Notes to Consolidated Financial Statements.

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

	Program Services			Management and General	Fundraising	Total
	Fostering Independence	Encouraging Positive Development	Promoting Self- Sufficiency			
Salaries and Wages	\$ 8,724,287	\$ 6,453,678	\$ 2,446,525	\$ 2,510,727	\$ 257,959	\$ 20,393,176
Employee Benefits	1,988,258	1,309,535	543,949	512,258	55,497	4,409,497
Professional Fees	731,120	195,461	170,730	1,080,732	6,107	2,184,150
Program Supplies and Expenses	238,659	124,463	90,153	214,373	-	667,648
Office Supplies and Expenses	429,896	250,844	82,613	39,053	10,652	813,058
Occupancy	1,053,119	929,670	590,677	(295,575)	15,837	2,293,728
Interest	133,071	6,192	2,908	53,640	-	195,811
Travel, Conferences, and Meetings	236,177	104,789	9,449	(83,892)	141	266,664
Specific Assistance to Individuals	775,998	1,129,902	424,606	18	-	2,330,524
Other	390,449	162,548	6,385	112,034	1,386	672,802
Depreciation and Amortization	288,102	69,355	21,241	544,766	-	923,464
Total Expenses	<u>\$ 14,989,136</u>	<u>\$ 10,736,437</u>	<u>\$ 4,389,236</u>	<u>\$ 4,688,134</u>	<u>\$ 347,579</u>	<u>\$ 35,150,522</u>

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 4,661,359	\$ 5,081,265
Noncash Adjustments:		
Depreciation and Amortization	921,482	1,011,878
Change in Funds Held at Community Foundation	1,773	(6,189)
Gain on Sale of Property and Equipment	(50,919)	(524,593)
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	(522,730)	(262,726)
Gain on Extinguishment of Debt	(4,899,143)	(635,809)
Change in Assets and Liabilities:		
Accounts Receivable	926,221	(265,570)
Government Contracts and Grants Receivable	(1,730,260)	(608,588)
Pledge Receivable	361	103,834
Prepaid Expenses and Other Current Assets	9,686	(21,899)
Resident's Funds and Deposits	(192,322)	180,429
Accounts Payable	(163,041)	215,138
Accrued Interest	10,500	(5,621)
Accrued Payroll and Payroll Taxes	(1,008,324)	976,344
Deferred Revenue	69,501	6,212
Other Liabilities	(43,169)	50,344
Net Cash Provided (Used) by Operating Activities	(2,009,025)	4,009,492
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(599,684)	(468,894)
Proceeds from Sale of Property and Equipment	313,852	776,000
(Increase) Decrease in Escrow Funds	188,517	(188,042)
Increase in Assets Under Bond and Indenture Agreements	(56,062)	(56,502)
Net Cash Provided (Used) by Investing Activities	(153,377)	62,562
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Proceeds (Payments) on Line of Credit	-	(679,887)
Proceeds from Issuance of Notes Payable - PPP	-	4,899,143
Principal Payments of Long-Term Debt and Capital Leases	(338,865)	(288,051)
Net Cash Provided (Used) by Financing Activities	(338,865)	3,931,205
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,501,267)	8,003,259
Cash and Cash Equivalents - Beginning of Year	9,739,487	1,736,228
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 7,238,220	\$ 9,739,487
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 160,051	\$ 200,951

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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, 2022 AND 2021**

**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, 2022 and 2021

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. The assets, liabilities, and activities of VOA WI are presented as discontinued operations – see Note 15.

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 and this transaction is reflected in the fiscal year presented ending June 30, 2021. In the current year ending June 30, 2022, VOA of MN no longer has an interest in Monroe and it is no longer consolidated.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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, 2022 AND 2021**

**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 \$1,140,000 and \$332,000 on June 30, 2022 and 2021, 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, 2022 and 2021.

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, 2022 and 2021 are expected to be collected within one year. No allowance was considered necessary at June 30, 2022 and 2021.

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 both June 30, 2022 and 2021 is \$381,248 and accrued interest due as of both June 30, 2022 and 2021 is \$13,344. 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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**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.

Property Held for Sale

The Organization classifies land and fixed assets actively marketed for sale as property held for sale. It is measured at the lower of its carrying amount or fair value less estimated 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 7).

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, 2022 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, 2022 AND 2021

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, 2022 AND 2021**

**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, 2022 AND 2021**

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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported total net assets.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 24, 2023, the date the financial statements were available to be issued.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Office Equipment and Devices	\$ 2,046,512	\$ 1,906,867
Vehicles	783,241	1,055,911
Furnishings	456,766	482,195
Other Equipment	469,229	469,229
Work in Process	6,067	33,914
Building and Leasehold Improvements	6,554,470	6,303,863
Buildings	13,503,734	14,245,734
Land	1,237,893	1,440,893
Subtotal	<u>25,057,912</u>	<u>25,938,606</u>
Less: Accumulated Depreciation	<u>(16,538,931)</u>	<u>(16,217,264)</u>
Total	<u>\$ 8,518,981</u>	<u>\$ 9,721,342</u>

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 3 ESCROW FUNDS

Escrow funds consisted of the following at June 30:

<u>Description</u>	<u>2022</u>	<u>2021</u>
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.	\$ 211,443	\$ 211,433
Other	<u>114,408</u>	<u>302,935</u>
Total	<u>\$ 325,851</u>	<u>\$ 514,368</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.

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.

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

	<u>2022</u>	<u>2021</u>
Repair and Replacement Reserve Funds:		
Money Market Funds	\$ 517,975	\$ 461,574
Real Estate Tax and Insurance Reserve Funds:		
Money Market Funds	21,038	21,379
Operating Reserve Funds:		
Money Market Funds	<u>26,019</u>	<u>26,017</u>
Total	<u>\$ 565,032</u>	<u>\$ 508,970</u>

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 5 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 (5.25% as of June 30, 2022), and is secured by all Company assets and accounts receivable of VOA of MN. The maturity date is March 1, 2023. There was no balance outstanding on the line of credit as of both June 30, 2022 and 2021.

NOTE 6 DEFERRED LOAN AGREEMENTS

Deferred loan agreements consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Hennepin County Housing and Redevelopment Authority (IN MN)	\$ 400,000	\$ 400,000
Federal Home Loan Bank of Des Moines (VOA in MN)	-	500,000
Department of Housing and Urban Development Supportive Housing Grant (VOA of MN)	90,920	113,650
Waukesha County (VOA WI)	242,650	242,650
Total	<u>\$ 733,570</u>	<u>\$ 1,256,300</u>

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.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 6 DEFERRED LOAN AGREEMENTS (CONTINUED)

Federal Home Loan Bank (FHLB) of Des Moines agreement was originally 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. After the expiration of the "retention period" which was 15 years after substantial completion of the project, the assignment terminated and the Assignee is no longer party to the agreement and VOA in MN has met the terms of funding by FHLB. Provided certain circumstances in the agreement between VOA in MN and 2100 Bloomington 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.

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
JUNE 30, 2022 AND 2021**

NOTE 7 LONG-TERM DEBT

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

<u>Description</u>	<u>2022</u>	<u>2021</u>
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)	79,255	129,065
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)	903,985	972,027

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 7 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>2022</u>	<u>2021</u>
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)	\$ 72,465	\$ 78,837
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)	1,002,047	1,043,890
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
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. This note was repaid in full during the year ended June 30, 2022. (VOA WI)	-	82,545
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)	39,012	53,829

VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>2022</u>	<u>2021</u>
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)	\$ 20,582	\$ 24,465
Total	3,217,346	3,484,658
Less: Unamortized Discount (4.61%)	(50,183)	(54,160)
Less: Current Maturities	(259,298)	(264,841)
Less: Financing Fees	(142,203)	(154,619)
Long-Term Debt	<u>\$ 2,765,662</u>	<u>\$ 3,011,038</u>

The estimated principal payments of long-term debt at June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 259,298
2024	167,725
2025	137,425
2026	136,212
2027	137,594
Thereafter	2,379,092
Total	<u>\$ 3,217,346</u>

NOTE 8 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.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 NOTES PAYABLE – PAYCHECK PROTECTION PROGRAM (CONTINUED)

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.

On June 14, 2022, the SBA processed VOA of MN'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 of MN 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, 2022.

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.

NOTE 9 CLASSIFICATION OF NET ASSETS

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

	2022	2021
Pledges Receivable	\$ 10,922	\$ 11,283
Purpose Restricted	552,104	113,581
Unamortized Discount on Noninterest-Bearing Note	50,183	54,160
Angel Fund	21,242	21,242
Funds Held in Perpetuity	53,392	53,713
Total	\$ 687,843	\$ 253,979

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

	2022	2021
Purpose/Time Restrictions	\$ 234,050	\$ 287,912
Total	\$ 234,050	\$ 287,912

Net assets restricted by donors to be maintained in perpetuity totaling \$53,392 and \$53,713 at June 30, 2022 and 2021, respectively, consist of endowment funds.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 10 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 \$81,953 and \$-0- for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, the multiemployer plan is in red zone status.

NOTE 11 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 \$881,889 and \$835,503 for the years ended June 30, 2022 and 2021, respectively.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 790,591
2024	765,352
2025	732,683
2026	737,903
2027	661,200
Thereafter	1,597,370
Total	<u>\$ 5,285,099</u>

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 11 LEASES (CONTINUED)

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 61,048
2024	50,342
2025	<u>30,205</u>
Total Minimum Lease Payments	141,595
Less Amount Representing Interest	<u>(12,331)</u>
Capital Lease Obligation	<u><u>\$ 129,264</u></u>

NOTE 12 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, 2022 and 2021 were \$819,535 and \$796,572, respectively. The amount due to Volunteers of America National Services is \$102,355 and \$80,569 at June 30, 2022 and 2021, respectively.

The Organization received a contribution of \$88,313 and \$61,877 from Volunteers of America, Inc. during the years ended June 30, 2022 and 2021, respectively.

NOTE 13 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 14 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.

VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 14 LIQUIDITY AND AVAILABILITY (CONTINUED)

As of June 30, 2022 and 2021, the following table shows the amounts of financial assets due within one year of the balance sheet date available for general expenditures:

	<u>2022</u>	<u>2021</u>
Cash	\$ 6,752,225	\$ 9,278,446
Accounts Receivable, Net	3,027,173	3,985,657
Government Contracts and Grants Receivable	3,725,274	1,995,014
Pledges Receivable	10,922	11,283
Less: Assets With Donor Restrictions	<u>(666,601)</u>	<u>(232,737)</u>
Total	<u>\$ 12,848,993</u>	<u>\$ 15,037,663</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, 2022 and 2021, the following table shows the calculated available cash:

	<u>2022</u>	<u>2021</u>
Cash	\$ 6,752,225	\$ 9,278,446
Available Lines of Credit	3,000,000	3,000,000
Total Cash Available	<u>\$ 9,752,225</u>	<u>\$ 12,739,487</u>
Days of Available Cash	<u>108</u>	<u>135</u>

NOTE 15 DISCONTINUED OPERATIONS

During the year ending June 30, 2022, the Organization began to actively market the assets of VOA of WI for sale. In October 2022, the Organization entered into purchase agreements with a third-party buyer for the sale of all fixed assets of VOA of WI and for the assignment of all remaining assets and liabilities and business interests of VOA of WI for a total purchase price of \$1,397,000. This sale closed in December 2022. As such, the Organization has classified all assets, liabilities, and activities of VOA of WI as discontinued operations.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 15 DISCONTINUED OPERATIONS (CONTINUED)

Carrying amounts of assets and liabilities included as part of discontinued operations comprise the following at June 30:

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 485,995	\$ 461,041
Accounts Receivable, Net	420,246	387,983
Prepaid Expenses and Other Current Assets	23,985	37,535
Due from Affiliates	-	996,281
Property and Equipment, Net	-	902,475
Property Held for Sale	631,402	-
Total Assets	\$ 1,561,628	\$ 2,785,315
LIABILITIES		
Current Maturities of Long-Term Debt	\$ 19,656	\$ 101,115
Current Maturities of Capital Lease Obligations	34,651	27,754
Accounts Payable	32,905	16,723
Accrued Payroll and Payroll Taxes	287,481	146,036
Deferred Revenue	221,989	147,241
Residents' Funds and Deposits	4,647	4,794
Long-Term Capital Lease Obligations	24,368	60,843
Long-Term Deferred Loan Agreements	242,650	242,650
Long-Term Accrued Payroll Taxes	-	140,613
Long-Term Debt, Less Current Maturities	39,818	59,604
Total Liabilities	\$ 908,165	\$ 947,373

For the year ended June 30, 2022, total operating cash flows were (\$89,993), total investing cash flows were \$245,770, and total financing cash flows were (\$130,823) for a net increase in cash of \$24,954.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATING BALANCE SHEET
JUNE 30, 2022**

	VOA in Minnesota			VOA of Minnesota		Adjustments And Eliminations	Total
	VOA in Minnesota	Subsidiaries Franklin Station	Subtotal	VOA of Minnesota Programs	VOA Wisconsin		
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	\$ (2,282)	\$ 232,331	\$ 230,049	\$ 6,522,176	485,995	\$ -	\$ 7,238,220
Accounts Receivables, Net	13,344	43,571	56,915	2,970,258	420,246	-	3,447,419
Government Contracts and Grants Receivable	-	-	-	3,725,274	-	-	3,725,274
Pledges Receivable	-	-	-	10,922	-	-	10,922
Prepaid Expenses and Other Current Assets	-	12,586	12,586	370,041	23,985	-	406,612
Residents' Funds and Deposits	-	25,563	25,563	2,769	-	-	28,332
Due from (to) Affiliates	<u>9,962,335</u>	<u>(803,906)</u>	<u>9,158,429</u>	<u>(8,658,429)</u>	<u>-</u>	<u>(500,000)</u>	<u>-</u>
Total Current Assets	<u>9,973,397</u>	<u>(489,855)</u>	<u>9,483,542</u>	<u>4,943,011</u>	<u>930,226</u>	<u>(500,000)</u>	<u>14,856,779</u>
PROPERTY AND EQUIPMENT, NET	3,756,023	3,081,606	6,837,629	1,681,352	-	-	8,518,981
PROPERTY HELD FOR SALE	-	-	-	-	631,402	-	631,402
OTHER ASSETS							
Escrow Funds	-	318,963	318,963	6,888	-	-	325,851
Funds Held by Foundation	-	-	-	32,990	-	-	32,990
Assets Under Bond and Indenture Agreements	-	565,032	565,032	-	-	-	565,032
Notes Receivable	<u>381,248</u>	<u>-</u>	<u>381,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>381,248</u>
Total Other Assets	<u>381,248</u>	<u>883,995</u>	<u>1,265,243</u>	<u>39,878</u>	<u>-</u>	<u>-</u>	<u>1,305,121</u>
Total Assets	<u><u>\$ 14,110,668</u></u>	<u><u>\$ 3,475,746</u></u>	<u><u>\$ 17,586,414</u></u>	<u><u>\$ 6,664,241</u></u>	<u><u>\$ 1,561,628</u></u>	<u><u>\$ (500,000)</u></u>	<u><u>\$ 25,312,283</u></u>

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATING BALANCE SHEET (CONTINUED)
JUNE 30, 2022**

LIABILITIES AND NET ASSETS (DEFICIT)	<u>VOA in Minnesota</u>	<u>VOA in Minnesota Subsidiaries Franklin Station</u>	<u>Subtotal</u>	<u>VOA of Minnesota Programs</u>	<u>VOA Wisconsin</u>	<u>Adjustments And Eliminations</u>	<u>Total</u>
CURRENT LIABILITIES							
Current Maturities of Long-Term Debt	\$ 142,940	\$ 44,492	\$ 187,432	\$ 52,210	\$ 19,656	\$ -	\$ 259,298
Current Maturities of Capital Lease Obligations	30,759	-	30,759	-	34,651	-	65,410
Accounts Payable	22,965	53,091	76,056	547,676	32,905	-	656,637
Accrued Interest	2,107	56,000	58,107	-	-	-	58,107
Accrued Payroll and Payroll Taxes	-	(11,551)	(11,551)	1,729,950	287,481	-	2,005,880
Deferred Revenue	-	18,396	18,396	-	221,989	-	240,385
Residents' Funds and Deposits	-	21,122	21,122	13,356	4,647	-	39,125
Other Current Liabilities	101,227	73,836	175,063	25,385	-	-	200,448
Total Current Liabilities	<u>299,998</u>	<u>255,386</u>	<u>555,384</u>	<u>2,368,577</u>	<u>601,329</u>	<u>-</u>	<u>3,525,290</u>
LONG-TERM LIABILITIES							
Capital Lease Obligations	39,486	-	39,486	-	24,368	-	63,854
Deferred Loan Agreements	-	-	-	90,920	242,650	400,000	733,570
Long-Term Debt, Less Current Maturities	808,545	2,494,288	3,302,833	323,011	39,818	(900,000)	2,765,662
Total Long-Term Liabilities	<u>848,031</u>	<u>2,494,288</u>	<u>3,342,319</u>	<u>413,931</u>	<u>306,836</u>	<u>(500,000)</u>	<u>3,563,086</u>
Total Liabilities	1,148,029	2,749,674	3,897,703	2,782,508	908,165	(500,000)	7,088,376
NET ASSETS (DEFICIT)							
Without Donor Restrictions (Deficit)	12,943,689	(432,150)	12,511,539	3,234,082	632,221	-	16,377,842
Noncontrolling Interest (Subsidiary's Limited Partners)	-	1,158,222	1,158,222	-	-	-	1,158,222
Total Net Assets Without Donor Restrictions (Deficit)	12,943,689	726,072	13,669,761	3,234,082	632,221	-	17,536,064
With Donor Restrictions	18,950	-	18,950	647,651	21,242	-	687,843
Total Net Assets (Deficit)	<u>12,962,639</u>	<u>726,072</u>	<u>13,688,711</u>	<u>3,881,733</u>	<u>653,463</u>	<u>-</u>	<u>18,223,907</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 14,110,668</u>	<u>\$ 3,475,746</u>	<u>\$ 17,586,414</u>	<u>\$ 6,664,241</u>	<u>\$ 1,561,628</u>	<u>\$ (500,000)</u>	<u>\$ 25,312,283</u>

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	VOA in Minnesota	VOA in Minnesota Subsidiaries Franklin Station	Subtotal	VOA of Minnesota Programs	VOA Wisconsin	Adjustments And Eliminations	Total
NET ASSETS WITHOUT RESTRICTIONS							
Support and Revenue:							
Direct Public Support	\$ -	\$ -	\$ -	493,954	\$ -	\$ -	\$ 493,954
Indirect Public Support:							
Volunteers of America Awards and Grants	-	-	-	87,562	-	-	87,562
Government Contract and Grant Revenue	-	1,939	1,939	15,652,177	-	-	15,654,116
Program Service Fees, Medicaid, and Medicare	-	-	-	5,797,564	-	-	5,797,564
Program Service Fees	-	858,278	858,278	6,652,600	-	(93,440)	7,417,438
Expense Reimbursements	-	-	-	8,195	-	-	8,195
Rental Income	738,702	-	738,702	-	-	(738,702)	-
Gain on Extinguishment of Debt	500,000	-	500,000	4,899,142	-	-	5,399,142
Miscellaneous Income	-	1,706	1,706	2,710,298	-	(87,531)	2,624,473
Net Assets Released from Restrictions	-	-	-	234,050	-	-	234,050
Total Support and Revenue	<u>1,238,702</u>	<u>861,923</u>	<u>2,100,625</u>	<u>36,535,542</u>	<u>-</u>	<u>(919,673)</u>	<u>37,716,494</u>
EXPENSES							
Program Services:							
Fostering Independence	-	939,598	939,598	15,603,827	-	(2,334,543)	14,208,882
Positive Development	-	-	-	11,579,066	-	(2,137,141)	9,441,925
Promoting Self-Sufficiency	-	-	-	4,838,105	-	(672,714)	4,165,391
Total Program Services	-	<u>939,598</u>	<u>939,598</u>	<u>32,020,998</u>	<u>-</u>	<u>(5,144,398)</u>	<u>27,816,198</u>
Management and General	799,011	-	799,011	171,102	-	4,542,941	5,513,054
Fundraising	-	-	-	326,690	-	(14,727)	311,963
Total Expenses	<u>799,011</u>	<u>939,598</u>	<u>1,738,609</u>	<u>32,518,790</u>	<u>-</u>	<u>(616,184)</u>	<u>33,641,215</u>
CHANGE IN NET ASSETS WITHOUT RESTRICTIONS FROM CONTINUING OPERATIONS	439,691	(77,675)	362,016	4,016,752	-	(303,489)	4,075,279
DISCONTINUED OPERATIONS							
Program Service Fees, Medicaid, and Medicare	-	-	-	-	4,438,751	-	4,438,751
Other Income	-	-	-	-	1,664	-	1,664
Expenses	-	-	-	-	(4,711,699)	352,989	(4,358,710)
Net Income from Discontinued Operations	-	-	-	-	(271,284)	352,989	81,705
CHANGE IN NET ASSETS BEFORE NONOPERATING ACTIVITIES	439,691	(77,675)	362,016	4,016,752	(271,284)	49,500	4,156,984

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	VOA in Minnesota	VOA in Minnesota Subsidiaries Franklin Station	Subtotal	VOA of Minnesota VOA of Minnesota Programs	VOA Wisconsin	Adjustments And Eliminations	Total
NONOPERATING ACTIVITIES							
Interest and Dividends	\$ 49,505	\$ 65	\$ 49,570	\$ 19,522	\$ -	\$ (49,500)	\$ 19,592
Gain (Loss) on Sale of Property and Equipment	(13,248)	-	(13,248)	5,315	58,852	-	50,919
Distributions to Subsidiary's Limited Partners	-	-	-	-	-	-	-
Total Nonoperating Activities	<u>36,257</u>	<u>65</u>	<u>36,322</u>	<u>24,837</u>	<u>58,852</u>	<u>(49,500)</u>	<u>70,511</u>
CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER	475,948	(77,610)	398,338	4,041,589	(212,432)	-	4,227,495
Equity Transfer - Intercompany Contribution from Affiliate	-	-	-	972,047	(972,047)	-	-
CHANGE IN NET ASSETS WITHOUT RESTRICTIONS (DEFICIT) BEFORE NONCONTROLLING INTEREST	475,948	(77,610)	398,338	5,013,636	(1,184,479)	-	4,227,495
Noncontrolling Interest (Subsidiary's Limited Partners)	-	77,602	77,602	-	-	-	77,602
CHANGE IN NET ASSETS WITHOUT RESTRICTIONS (DEFICIT) CONTROLLING INTEREST	475,948	(8)	475,940	5,013,636	(1,184,479)	-	4,305,097
NET ASSETS WITH RESTRICTIONS							
Direct Public Support	-	-	-	667,914	-	-	667,914
Net Assets Released from Restrictions	-	-	-	(234,050)	-	-	(234,050)
CHANGE IN NET ASSETS WITH RESTRICTIONS	-	-	-	433,864	-	-	433,864
CHANGE IN NET ASSETS (DEFICIT) - CONTROLLING INTEREST	<u>\$ 475,948</u>	<u>\$ (8)</u>	<u>\$ 475,940</u>	<u>\$ 5,447,500</u>	<u>\$ (1,184,479)</u>	<u>\$ -</u>	<u>\$ 4,738,961</u>



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