

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022**



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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, 2023 and 2022, 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, 2023 and 2022, 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.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, in 2023 Volunteers of America Minnesota and Wisconsin adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

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.

Board of Directors
Volunteers of America Minnesota and Wisconsin

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
December 20, 2023

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2023 AND 2022**

ASSETS	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 5,026,946	\$ 7,238,220
Accounts Receivable, Net	4,122,647	3,447,419
Government Contracts and Grants Receivable	3,050,954	3,725,274
Pledges Receivable	21,781	10,922
Prepaid Expenses and Other Current Assets	567,880	406,612
Residents' Funds and Deposits	30,562	28,332
Total Current Assets	12,820,770	14,856,779
PROPERTY AND EQUIPMENT, Net	8,212,953	8,518,981
RIGHT-OF-USE ASSETS, Net	3,870,873	-
PROPERTY HELD FOR SALE	-	631,402
OTHER ASSETS		
Escrow Funds	248,836	325,851
Funds Held by Foundation	33,165	32,990
Notes Receivable	381,248	381,248
Assets Under Bond and Indenture Agreements	547,578	565,032
Total Other Assets	1,210,827	1,305,121
Total Assets	\$ 26,115,423	\$ 25,312,283

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED BALANCE SHEETS (CONTINUED)
JUNE 30, 2023 AND 2022**

LIABILITIES AND NET ASSETS	2023	2022
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 211,097	\$ 259,298
Current Maturities of Capital Lease Obligations	-	65,410
Current Maturities of Lease Liabilities	618,053	-
Accounts Payable	553,547	656,637
Accrued Interest	59,000	58,107
Accrued Payroll and Payroll Taxes	1,696,642	2,005,880
Deferred Revenue	25,173	240,385
Residents' Funds and Deposits	65,048	39,125
Other Current Liabilities	247,302	200,448
Total Current Liabilities	3,475,862	3,525,290
LONG-TERM LIABILITIES		
Capital Lease Obligations	-	63,854
Lease Liabilities	3,359,875	-
Deferred Loan Agreements	468,190	733,570
Long-Term Debt, Less Current Maturities	2,596,155	2,765,662
Total Long-Term Liabilities	6,424,220	3,563,086
Total Liabilities	9,900,082	7,088,376
NET ASSETS		
Without Donor Restrictions	14,623,825	16,377,842
Without Donor Restrictions, Noncontrolling Interest	892,777	1,158,222
Total Net Assets Without Donor Restrictions	15,516,602	17,536,064
With Donor Restrictions	698,739	687,843
Total Net Assets	16,215,341	18,223,907
Total Liabilities and Net Assets	\$ 26,115,423	\$ 25,312,283

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Direct Public Support	\$ 509,542	\$ 607,773	\$ 1,117,315
Indirect Public Support:			
Volunteer of America Awards and Grants	102,900	-	102,900
Governmental Contract and Grant Revenue	15,013,696	-	15,013,696
Program Service Fees, Medicaid, and Medicare	5,833,778	-	5,833,778
Program Service Fees	8,266,729	-	8,266,729
Gain on Extinguishment of Debt	-	-	-
Miscellaneous Income	2,007,695	-	2,007,695
Net Assets Released from Restrictions	596,877	(596,877)	-
Total Support and Revenue	<u>32,331,217</u>	<u>10,896</u>	<u>32,342,113</u>
EXPENSES			
Program Services:			
Fostering Independence	15,102,591	-	15,102,591
Encouraging Positive Development	9,030,656	-	9,030,656
Promoting Self-Sufficiency	4,565,345	-	4,565,345
Total Program Services	<u>28,698,592</u>	<u>-</u>	<u>28,698,592</u>
Management and General	6,716,653	-	6,716,653
Fundraising	287,740	-	287,740
Total Expenses	<u>35,702,985</u>	<u>-</u>	<u>35,702,985</u>
CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS	(3,371,768)	10,896	(3,360,872)
DISCONTINUED OPERATIONS			
Program Service Fees, Medicaid, and Medicare	2,097,230	-	2,097,230
Other Income	2,588	-	2,588
Expenses	(1,875,556)	-	(1,875,556)
Net Income from Discontinued Operations	<u>224,262</u>	<u>-</u>	<u>224,262</u>
NONOPERATING ACTIVITIES			
Interest and Dividends	139,164	-	139,164
Gain on Sale of Property and Equipment	714,025	-	714,025
Gain on Mortgage Transfer	274,855	-	274,855
Total Nonoperating Activities	<u>1,128,044</u>	<u>-</u>	<u>1,128,044</u>
CHANGE IN CONSOLIDATED NET ASSETS	(2,019,462)	10,896	(2,008,566)
Change in Net Assets Without Restrictions			
Attributable to Noncontrolling Interest (Subsidiary's Limited Partners)	<u>265,445</u>	<u>-</u>	<u>265,445</u>
Change in Net Assets Attributable to the Parent	(1,754,017)	10,896	(1,743,121)
Net Assets - Controlling Interest - Beginning of Year	<u>16,377,842</u>	<u>687,843</u>	<u>17,065,685</u>
NET ASSETS - CONTROLLING INTEREST - END OF YEAR	<u>\$ 14,623,825</u>	<u>\$ 698,739</u>	<u>\$ 15,322,564</u>

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGE IN NET ASSETS ATTRIBUTABLE TO NONCONTROLLING INTEREST	\$ (265,445)	\$ -	\$ (265,445)
Net Assets - Noncontrolling Interest - Beginning of Year	1,158,222	-	1,158,222
NET ASSETS - NONCONTROLLING INTEREST - END OF YEAR	\$ 892,777	\$ -	\$ 892,777

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
Gain on Extinguishment of Debt	5,399,142	-	5,399,142
Miscellaneous Income	2,632,668	-	2,632,668
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
Gain on Sale of Property and Equipment	50,919	-	50,919
Gain on Debt Forgiveness	-	-	-
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	<u>\$ 1,158,222</u>	<u>\$ -</u>	<u>\$ 1,158,222</u>

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	Program Services			Management and General	Fundraising	Total
	Fostering Independence	Encouraging Positive Development	Promoting Self- Sufficiency			
Salaries and Wages	\$ 9,287,633	\$ 5,974,324	\$ 2,549,180	\$ 3,393,461	\$ 234,235	\$ 21,438,833
Employee Benefits	1,840,165	1,126,838	471,485	552,267	36,009	4,026,764
Professional Fees	749,904	216,239	248,191	977,056	2,667	2,194,057
Program Supplies and Expenses	177,128	114,551	106,019	386,274	144	784,116
Office Supplies and Expenses	391,550	286,583	77,393	9,619	3,309	768,454
Occupancy	970,404	814,530	608,103	250,441	1,944	2,645,422
Interest	116,736	2,735	6,223	24,598	-	150,292
Travel, Conferences, and Meetings	208,855	144,540	21,566	40,930	5,299	421,190
Specific Assistance to Individuals	786,066	158,722	431,957	-	-	1,376,745
Other	408,781	120,131	23,987	550,982	4,133	1,108,014
Depreciation and Amortization	165,369	71,463	21,241	531,025	-	789,098
Total Expenses	<u>\$ 15,102,591</u>	<u>\$ 9,030,656</u>	<u>\$ 4,565,345</u>	<u>\$ 6,716,653</u>	<u>\$ 287,740</u>	<u>\$ 35,702,985</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			Management and General	Fundraising	Total
	Fostering Independence	Encouraging Positive Development	Promoting Self- Sufficiency			
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 STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (2,008,566)	\$ 4,661,359
Noncash Adjustments:		
Depreciation and Amortization	789,098	921,482
Change in Funds Held at Community Foundation	(175)	1,773
Gain on Sale of Property and Equipment	(714,025)	(50,919)
Gain on Mortgage Transfer	(274,855)	-
Noncash Donations of Low-Interest, Forgivable, or Contributed Loans	(69,414)	(522,730)
Noncash Lease Expense	107,589	-
Gain on Extinguishment of Debt	-	(4,899,143)
Change in Assets and Liabilities:		
Accounts Receivable	(675,228)	926,221
Government Contracts and Grants Receivable	674,320	(1,730,260)
Pledge Receivable	(10,859)	361
Prepaid Expenses and Other Current Assets	(161,268)	9,686
Resident's Funds and Deposits	23,693	(192,322)
Accounts Payable	(103,090)	(163,041)
Accrued Interest	893	10,500
Accrued Payroll and Payroll Taxes	(309,238)	(1,008,324)
Deferred Revenue	(215,212)	69,501
Other Liabilities	(20,065)	(43,169)
Net Cash Used by Operating Activities	(2,966,402)	(2,009,025)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(550,636)	(599,684)
Proceeds from Sale of Property and Equipment	1,397,000	313,852
(Increase) Decrease in Escrow Funds	77,015	188,517
Increase in Assets Under Bond and Indenture Agreements	17,454	(56,062)
Net Cash Provided (Used) by Investing Activities	940,833	(153,377)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Financing Leases	(34,501)	-
Principal Payments of Long-Term Debt and Capital Leases	(151,204)	(338,865)
Net Cash Used by Financing Activities	(185,705)	(338,865)
DECREASE IN CASH AND CASH EQUIVALENTS	(2,211,274)	(2,501,267)
Cash and Cash Equivalents - Beginning of Year	7,238,220	9,739,487
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,026,946	\$ 7,238,220
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 150,292	\$ 160,051

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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, 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, 2023 AND 2022**

**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.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updated 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, with certain practical expedients available (see Note 11). The Organization has elected to adopt the package of practical expedients available in the year of adoption. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. The Organization has not elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022, an operating lease liability of \$4,457,205, which represents the present value of the remaining operating lease payments of \$4,998,771, discounted using risk-free rates ranging from 2.79% to 2.88%, and an operating right-of-use asset of \$4,457,205.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022, a financing lease liability at the carrying amount of the capital lease obligations on June 30, 2022, of \$30,980 and a financing right-of-use asset at the carrying amount of the capital lease asset of \$44,477.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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

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; 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, 2023 and 2022.

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.

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.

VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

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 statements 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.

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 \$702,000 and \$1,140,000 on June 30, 2023 and 2022, 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, 2023 and 2022.

VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

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, 2023 and 2022 are expected to be collected within one year. No allowance was considered necessary at June 30, 2023 and 2022.

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, 2023 and 2022 is \$381,248 and accrued interest due as of June 30, 2023 and 2022 is \$59,280 and \$13,344, respectively. 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.

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.

VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

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.

Leases

The Organization leases building space, office equipment and vehicles. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and long-term lease liabilities on the consolidated balance sheets. Finance leases are included in financing lease right-of-use (ROU) assets, other current liabilities, and long-term lease liabilities on the consolidated balance sheets.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments for finance leases. The Organization uses a risk-free rate at commencement date in determining the present value of lease payments for operating leases. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the consolidated balance sheets.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

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).

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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

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 \$3.75 million that have not been recognized at June 30, 2023 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.

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 over time as services are rendered.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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

Revenue Recognition (Continued)

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.

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.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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

Allocation of Functional Expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the consolidated statements 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 consolidated statements 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).

Franklin Station is a separate legal entity for state law and bankruptcy purposes. However, because Volunteers of America of Minnesota is the sole member of this entity, activities of the organization is included in the Section 501(c)(3) tax filings of Volunteers of America 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, 2023 AND 2022**

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.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 20, 2023, the date the consolidated financial statements were available to be issued.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2023	2022
Office Equipment and Devices	\$ 2,003,739	\$ 2,046,512
Vehicles	540,901	783,241
Furnishings	456,766	456,766
Other Equipment	469,229	469,229
Work in Process	264,377	6,067
Building and Leasehold Improvements	6,756,643	6,554,470
Buildings	13,530,009	13,503,734
Land	1,237,893	1,237,893
Subtotal	<u>25,259,557</u>	<u>25,057,912</u>
Less: Accumulated Depreciation	<u>(17,046,604)</u>	<u>(16,538,931)</u>
Total	<u>\$ 8,212,953</u>	<u>\$ 8,518,981</u>

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 3 ESCROW FUNDS

Escrow funds consisted of the following at June 30:

<u>Description</u>	<u>2023</u>	<u>2022</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.	\$ 211,454	\$ 211,443
Other	<u>37,382</u>	<u>114,408</u>
Total	<u><u>\$ 248,836</u></u>	<u><u>\$ 325,851</u></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>2023</u>	<u>2022</u>
Repair and Replacement Reserve Funds:		
Money Market Funds	\$ 491,141	\$ 517,975
Real Estate Tax and Insurance Reserve Funds:		
Money Market Funds	30,418	21,038
Operating Reserve Funds:		
Money Market Funds	<u>26,019</u>	<u>26,019</u>
Total	<u><u>\$ 547,578</u></u>	<u><u>\$ 565,032</u></u>

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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 the lender's reference rate plus 0.5% with a 4.75% floor (8.0% as of June 30, 2023), and is secured by all Company assets and accounts receivable of VOA of MN. The maturity date is March 1, 2024. There was no balance outstanding on the line of credit as of both June 30, 2023 and 2022.

NOTE 6 DEFERRED LOAN AGREEMENTS

Deferred loan agreements consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Hennepin County Housing and Redevelopment Authority (IN MN)	\$ 400,000	\$ 400,000
Department of Housing and Urban Development Supportive Housing Grant (VOA of MN)	68,190	90,920
Waukesha County (VOA WI)	-	242,650
Total	<u>\$ 468,190</u>	<u>\$ 733,570</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, 2023 AND 2022

NOTE 6 DEFERRED LOAN AGREEMENTS (CONTINUED)

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). The property was sold during the year ended June 30, 2023, see Note 15.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 LONG-TERM DEBT

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

<u>Description</u>	<u>2023</u>	<u>2022</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 \$47,809 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)	27,041	79,255
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)	834,104	903,985

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>2023</u>	<u>2022</u>
<p>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)</p>	\$ 65,700	\$ 72,465
<p>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)</p>	958,034	1,002,047
<p>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)</p>	300,000	300,000
<p>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)</p>	450,000	450,000
<p>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%. This note was included in the sale of the related property during fiscal year 2023. (VOA WI)</p>	-	39,012

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>2023</u>	<u>2022</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%. This note was included in the sale of the related property during fiscal year 2023. (VOA WI)	\$ -	\$ 20,582
Total	2,984,879	3,217,346
Less: Unamortized Discount (4.61%)	(47,809)	(50,183)
Less: Current Maturities	(211,097)	(259,298)
Less: Financing Fees	(129,818)	(142,203)
Long-Term Debt	<u>\$ 2,596,155</u>	<u>\$ 2,765,662</u>

The estimated principal payments of long-term debt at June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 211,097
2025	124,645
2026	130,699
2027	137,471
2028	144,255
Thereafter	2,236,712
Total	<u>\$ 2,984,879</u>

NOTE 8 NOTES PAYABLE – PAYCHECK PROTECTION PROGRAM

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 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 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.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 8 NOTES PAYABLE – PAYCHECK PROTECTION PROGRAM (CONTINUED)

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:

	2023	2022
Pledges Receivable	\$ -	\$ 10,922
Purpose Restricted	582,807	552,104
Unamortized Discount on Noninterest-Bearing Note	47,809	50,183
Angel Fund	21,242	21,242
Funds Held in Perpetuity	46,881	53,392
Total	<u>\$ 698,739</u>	<u>\$ 687,843</u>

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

	2023	2022
Purpose/Time Restrictions	<u>\$ 596,877</u>	<u>\$ 234,050</u>
Total	<u>\$ 596,877</u>	<u>\$ 234,050</u>

Net assets restricted by donors to be maintained in perpetuity totaling \$46,881 and \$53,392 at June 30, 2023 and 2022, respectively, consist of endowment funds.

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 \$60,905 and \$81,953 for the years ended June 30, 2023 and 2022, 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.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 10 RETIREMENT PLANS (CONTINUED)

Pension Plan – Ministers (Continued)

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, 2023 and 2022, the multiemployer plan is in red zone status.

NOTE 11 LEASES

The Organization leases 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.

The following table provides quantitative information concerning the Company's leases:

Lease Cost	<u>Amount</u>
Finance Lease Cost:	
Amortization of Right-of-Use Assets	\$ 33,967
Interest on Lease Liabilities	3,747
Operating Lease Cost	733,617
Short-Term Lease Cost	-
Total Lease Cost	<u>\$ 771,331</u>

Other Information

Cash Paid For Amounts Included In the	
Measurement Of Lease Liabilities:	
Operating Cash Flows from Finance Leases	\$ 3,747
Operating Cash Flows from Operating Leases	\$ 634,132
Financing Cash Flows from Finance Leases	\$ 37,714
Right-of-Use Assets Obtained in Exchange for New	
Operating Lease Liabilities	\$ 4,457,205
Weighted-Average Remaining Lease Term -	
Finance Leases	0.9 Years
Weighted-Average Remaining Lease Term -	
Operating Leases	7.0 Years
Weighted-Average Discount Rate - Finance Leases	
	7.35%
Weighted-Average Discount Rate - Operating Leases	
	2.89%

VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 11 LEASES (CONTINUED)

The Organization classifies the total discounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023, is as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>	<u>Finance</u>	<u>Total</u>
2024	\$ 696,535	\$ 24,116	\$ 720,651
2025	663,464	7,376	670,840
2026	672,308	-	672,308
2027	641,859	-	641,859
2028	484,126	-	484,126
Thereafter	1,212,355	-	1,212,355
Undiscounted Cash Flows	<u>4,370,647</u>	<u>31,492</u>	<u>4,402,139</u>
Less: Imputed Interest	(422,184)	(2,027)	(424,211)
Total Present Value	<u>\$ 3,948,463</u>	<u>\$ 29,465</u>	<u>\$ 3,977,928</u>

ROU assets and lease liabilities were comprised of the following as of June 30:

	<u>2023</u>
Right-of-Use Assets - Operating Leases	\$ 3,848,979
Right-of-Use Assets - Financing Leases	21,894
Total Right-of-Use Assets	<u>\$ 3,870,873</u>
Lease Liabilities, Current Portion - Operating Leases	\$ 593,937
Lease Liabilities, Current Portion - Financing Leases	24,116
Total Lease Liabilities, Current Portion	<u>\$ 618,053</u>
Lease Liabilities, Long-Term - Operating Leases	\$ 3,354,526
Lease Liabilities, Long-Term - Financing Leases	5,349
Total Lease Liabilities, Long-Term	<u>\$ 3,359,875</u>

The Organization elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

The Organization leased certain building space, office equipment, and vehicles under various operating and capital leases. Some of the building space and most of the office equipment were under leases that could be canceled upon 30-day written notice. Rent expense incurred under leases totaled \$881,889 for the year ended June 30, 2022. Future minimum rent commitments under operating leases consisted of the following at June 30:

<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, 2023 AND 2022**

NOTE 11 LEASES (CONTINUED)

The following was a summary of future minimum rental payments under capital leases under FASB ASC 840:

<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, 2023 and 2022 were \$653,789 and \$819,535, respectively. The amount due to Volunteers of America National Services is \$-0- and \$102,355 at June 30, 2023 and 2022, respectively.

The Organization received a contribution of \$102,900 and \$88,313 from Volunteers of America, Inc. during the years ended June 30, 2023 and 2022, 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.

VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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.

As of June 30, 2023 and 2022, the following table shows the amounts of financial assets due within one year of the balance sheet date available for general expenditures:

	<u>2023</u>	<u>2022</u>
Cash	\$ 5,026,946	\$ 6,752,225
Accounts Receivable, Net	3,702,401	3,027,173
Government Contracts and Grants Receivable	3,050,954	3,725,274
Pledges Receivable	21,781	10,922
Less: Assets With Donor Restrictions	<u>(677,497)</u>	<u>(666,601)</u>
Total	<u>\$ 11,124,585</u>	<u>\$ 12,848,993</u>

As part of 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, 2023 and 2022, the following table shows the calculated available cash:

	<u>2023</u>	<u>2022</u>
Cash	\$ 5,026,946	\$ 6,752,225
Available Lines of Credit	<u>3,000,000</u>	<u>3,000,000</u>
Total Cash Available	<u>\$ 8,026,946</u>	<u>\$ 9,752,225</u>
Days of Available Cash	<u>83</u>	<u>108</u>

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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 certain 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 certain assets and liabilities of VOA of WI as discontinued operations at June 30, 2022, and all activities of VOA of WI through the date of sale as discontinued operations for the years ending June 30, 2022 and 2023 .

Carrying amounts of assets and liabilities included as part of discontinued operations comprise the following at June 30, 2022:

ASSETS

Accounts Receivable, Net	\$ 420,246
Prepaid Expenses and Other Current Assets	23,985
Property Held for Sale	631,402
Total Assets	<u>\$ 1,075,633</u>

LIABILITIES

Current Maturities of Long-Term Debt	\$ 19,656
Current Maturities of Capital Lease Obligations	34,651
Accounts Payable	32,905
Accrued Payroll and Payroll Taxes	287,481
Deferred Revenue	221,989
Residents' Funds and Deposits	4,647
Long-Term Capital Lease Obligations	24,368
Long-Term Deferred Loan Agreements	242,650
Long-Term Debt, Less Current Maturities	39,818
Other Liabilities	-
Total Liabilities	<u>\$ 908,165</u>

For the year ended June 30, 2023, total operating cash flows were (\$1,128,493), total investing cash flows were \$1,345,425, and total financing cash flows were (\$27,269) for a net increase in cash of \$189,663.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATING BALANCE SHEET
JUNE 30, 2023**

ASSETS	VOA in Minnesota			VOA of Minnesota		Adjustments And Eliminations	Total
	VOA in Minnesota	Franklin Station	Subtotal	VOA of Minnesota Programs	VOA Wisconsin		
CURRENT ASSETS							
Cash and Cash Equivalents	\$ (8,877)	\$ 79,071	\$ 70,194	\$ 4,281,094	675,658	\$ -	\$ 5,026,946
Accounts Receivables, Net	59,280	130,288	189,568	3,933,079	-	-	4,122,647
Government Contracts and Grants Receivable	-	-	-	3,050,954	-	-	3,050,954
Pledges Receivable	-	-	-	21,781	-	-	21,781
Prepaid Expenses and Other Current Assets	10,802	169,146	179,948	387,932	-	-	567,880
Residents' Funds and Deposits	-	25,564	25,564	4,998	-	-	30,562
Due from (to) Affiliates	10,506,408	(1,753,896)	8,752,512	(8,752,512)	-	-	-
Total Current Assets	10,567,613	(1,349,827)	9,217,786	2,927,326	675,658	-	12,820,770
PROPERTY AND EQUIPMENT, NET	3,493,445	2,964,819	6,458,264	1,754,689	-	-	8,212,953
RIGHT-OF-USE ASSETS, NET	647,122	-	647,122	3,223,751	-	-	3,870,873
OTHER ASSETS							
Escrow Funds	-	211,454	211,454	37,382	-	-	248,836
Funds Held by Foundation	-	-	-	33,165	-	-	33,165
Assets Under Bond and Indenture Agreements	-	547,578	547,578	-	-	-	547,578
Notes Receivable	381,248	-	381,248	-	-	-	381,248
Total Other Assets	381,248	759,032	1,140,280	70,547	-	-	1,210,827
Total Assets	\$ 15,089,428	\$ 2,374,024	\$ 17,463,452	\$ 7,976,313	\$ 675,658	\$ -	\$ 26,115,423

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATING BALANCE SHEET (CONTINUED)
JUNE 30, 2023**

	VOA in Minnesota			VOA of Minnesota		Adjustments And Eliminations	Total
	VOA in Minnesota	Franklin Station	Subtotal	VOA of Minnesota Programs	VOA Wisconsin		
LIABILITIES AND NET ASSETS (DEFICIT)							
CURRENT LIABILITIES							
Current Maturities of Long-Term Debt	\$ 136,987	\$ 47,069	\$ 184,056	\$ 27,041	\$ -	\$ -	\$ 211,097
Current Maturities of Lease Liabilities	112,660	-	112,660	505,393	-	-	618,053
Accounts Payable	16,137	137,814	153,951	399,596	-	-	553,547
Accrued Interest	-	59,000	59,000	-	-	-	59,000
Accrued Payroll and Payroll Taxes	-	-	-	1,696,642	-	-	1,696,642
Deferred Revenue	-	2,151	2,151	-	23,022	-	25,173
Residents' Funds and Deposits	-	18,969	18,969	46,079	-	-	65,048
Other Current Liabilities	101,227	91,067	192,294	51,846	3,162	-	247,302
Total Current Liabilities	<u>367,011</u>	<u>356,070</u>	<u>723,081</u>	<u>2,726,597</u>	<u>26,184</u>	<u>-</u>	<u>3,475,862</u>
LONG-TERM LIABILITIES							
Lease Liabilities	545,845	-	545,845	2,814,030	-	-	3,359,875
Deferred Loan Agreements	-	-	-	68,190	-	400,000	468,190
Long-Term Debt, Less Current Maturities	1,136,610	1,557,354	2,693,964	302,191	-	(400,000)	2,596,155
Total Long-Term Liabilities	<u>1,682,455</u>	<u>1,557,354</u>	<u>3,239,809</u>	<u>3,184,411</u>	<u>-</u>	<u>-</u>	<u>6,424,220</u>
Total Liabilities	2,049,466	1,913,424	3,962,890	5,911,008	26,184	-	9,900,082
NET ASSETS (DEFICIT)							
Without Donor Restrictions (Deficit)	13,021,012	(432,177)	12,588,835	1,406,758	628,232	-	14,623,825
Noncontrolling Interest (Subsidiary's Limited Partners)	-	892,777	892,777	-	-	-	892,777
Total Net Assets Without Donor Restrictions (Deficit)	13,021,012	460,600	13,481,612	1,406,758	628,232	-	15,516,602
With Donor Restrictions	18,950	-	18,950	658,547	21,242	-	698,739
Total Net Assets (Deficit)	<u>13,039,962</u>	<u>460,600</u>	<u>13,500,562</u>	<u>2,065,305</u>	<u>649,474</u>	<u>-</u>	<u>16,215,341</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 15,089,428</u>	<u>\$ 2,374,024</u>	<u>\$ 17,463,452</u>	<u>\$ 7,976,313</u>	<u>\$ 675,658</u>	<u>\$ -</u>	<u>\$ 26,115,423</u>

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	VOA in Minnesota			VOA of Minnesota	VOA Wisconsin	Adjustments And Eliminations	Total
	VOA in Minnesota	Franklin Station	Subtotal	VOA of Minnesota Programs			
NET ASSETS WITHOUT RESTRICTIONS							
Support and Revenue:							
Direct Public Support	\$ -	\$ -	\$ -	509,542	\$ -	\$ -	\$ 509,542
Indirect Public Support:							
Volunteers of America Awards and Grants	-	-	-	102,900	-	-	102,900
Government Contract and Grant Revenue	-	10,099	10,099	15,003,597	-	-	15,013,696
Program Service Fees, Medicaid, and Medicare	-	-	-	5,833,778	-	-	5,833,778
Program Service Fees	-	810,614	810,614	7,456,115	-	-	8,266,729
Rental Income	699,677	-	699,677	-	-	(699,677)	-
Miscellaneous Income	-	2,138	2,138	2,644,577	-	(639,020)	2,007,695
Net Assets Released from Restrictions	-	-	-	596,877	-	-	596,877
Total Support and Revenue	<u>699,677</u>	<u>822,851</u>	<u>1,522,528</u>	<u>32,147,386</u>	<u>-</u>	<u>(1,338,697)</u>	<u>32,331,217</u>
EXPENSES							
Program Services:							
Fostering Independence	-	1,090,160	1,090,160	16,386,752	-	(2,374,321)	15,102,591
Positive Development	-	-	-	11,646,312	-	(2,615,656)	9,030,656
Promoting Self-Sufficiency	-	-	-	5,313,391	-	(748,046)	4,565,345
Total Program Services	-	<u>1,090,160</u>	<u>1,090,160</u>	<u>33,346,455</u>	<u>-</u>	<u>(5,738,023)</u>	<u>28,698,592</u>
Management and General	714,149	-	714,149	1,405,500	-	4,597,004	6,716,653
Fundraising	-	-	-	302,467	-	(14,727)	287,740
Total Expenses	<u>714,149</u>	<u>1,090,160</u>	<u>1,804,309</u>	<u>35,054,422</u>	<u>-</u>	<u>(1,155,746)</u>	<u>35,702,985</u>
CHANGE IN NET ASSETS WITHOUT RESTRICTIONS FROM CONTINUING OPERATIONS	(14,472)	(267,309)	(281,781)	(2,907,036)	-	(182,951)	(3,371,768)
DISCONTINUED OPERATIONS							
Program Service Fees, Medicaid, and Medicare	-	-	-	-	2,097,230	-	2,097,230
Other Income	-	-	-	-	2,588	-	2,588
Expenses	-	-	-	-	(2,058,507)	182,951	(1,875,556)
Net Income from Discontinued Operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,311</u>	<u>182,951</u>	<u>224,262</u>
CHANGE IN NET ASSETS BEFORE NONOPERATING ACTIVITIES	(14,472)	(267,309)	(281,781)	(2,907,036)	41,311	-	(3,147,506)

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2023**

	VOA in Minnesota			VOA of Minnesota VOA of Minnesota Programs		Adjustments And Eliminations	Total
	VOA in Minnesota	Franklin Station	Subtotal		VOA Wisconsin		
NONOPERATING ACTIVITIES							
Interest and Dividends	\$ 91,795	\$ 1,837	\$ 93,632	\$ 45,532	\$ -	\$ -	\$ 139,164
Gain (Loss) on Sale of Property and Equipment	-	-	-	7,602	706,423	-	714,025
Gain on Mortgage Transfer	-	-	-	-	274,855	-	274,855
Total Nonoperating Activities	<u>91,795</u>	<u>1,837</u>	<u>93,632</u>	<u>53,134</u>	<u>981,278</u>	<u>-</u>	<u>1,128,044</u>
CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER	77,323	(265,472)	(188,149)	(2,853,902)	1,022,589	-	(2,019,462)
Equity Transfer - Intercompany Contribution from Affiliate	-	-	-	1,026,578	(1,026,578)	-	-
CHANGE IN NET ASSETS WITHOUT RESTRICTIONS (DEFICIT) BEFORE NONCONTROLLING INTEREST	77,323	(265,472)	(188,149)	(1,827,324)	(3,989)	-	(2,019,462)
Noncontrolling Interest (Subsidiary's Limited Partners)	-	265,445	265,445	-	-	-	265,445
CHANGE IN NET ASSETS WITHOUT RESTRICTIONS (DEFICIT) CONTROLLING INTEREST	77,323	(27)	77,296	(1,827,324)	(3,989)	-	(1,754,017)
NET ASSETS WITH RESTRICTIONS							
Direct Public Support	-	-	-	607,773	-	-	607,773
Net Assets Released from Restrictions	-	-	-	(596,877)	-	-	(596,877)
CHANGE IN NET ASSETS WITH RESTRICTIONS	-	-	-	10,896	-	-	10,896
CHANGE IN NET ASSETS (DEFICIT) - CONTROLLING INTEREST	<u>\$ 77,323</u>	<u>\$ (27)</u>	<u>\$ 77,296</u>	<u>\$ (1,816,428)</u>	<u>\$ (3,989)</u>	<u>\$ -</u>	<u>\$ (1,743,121)</u>



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