

VOLUNTEERS OF AMERICA  
NORTHERN NEW ENGLAND, INC.

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Volunteers of America Northern New England, Inc.

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

We have audited the accompanying financial statements of Volunteers of America Northern New England, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Volunteers of America Northern New England, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2016 on our consideration of Volunteers of America Northern New England, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Volunteers of America Northern New England, Inc.'s internal control over financial reporting and compliance.



Certified Public Accountants

October 20, 2016  
South Portland, Maine

VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2016 and 2015

ASSETS

	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Cash and Equivalents (Note 12)	\$ 429,994	\$ 677,701
Accounts Receivable	700,512	513,719
Prepaid Expenses	53,719	44,249
Other Current Assets	<u>16,427</u>	<u>30,408</u>
Total Current Assets	<u>1,200,652</u>	<u>1,266,077</u>
<b>FIXED ASSETS (Notes 4 and 5)</b>		
Land and Buildings	32,675,300	32,158,458
Furnishings and Equipment	<u>886,032</u>	<u>873,838</u>
Total Fixed Assets	33,561,332	33,032,296
Less Accumulated Depreciation	<u>5,012,329</u>	<u>4,124,263</u>
Net Fixed Assets	<u>28,549,003</u>	<u>28,908,033</u>
<b>OTHER ASSETS</b>		
Designated and Restricted Assets (Notes 11 and 12)	2,174,960	2,231,641
Other	<u>74,017</u>	<u>38,604</u>
Total Other Assets	<u>2,248,977</u>	<u>2,270,245</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 31,998,632</u></u>	<u><u>\$ 32,444,355</u></u>

See accompanying notes to the financial statements.

VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(Continued)

June 30, 2016 and 2015

LIABILITIES AND NET ASSETS

	<u>2016</u>	<u>2015</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 283,091	\$ 289,512
Line of Credit (Note 6)	711,209	361,209
Current Portion of Long-term Debt	137,026	98,333
Accrued Expenses	469,336	315,796
Contract/Grant Advances	251,995	856,965
Other Current Liabilities	115,307	19,701
Total Current Liabilities	<u>1,967,964</u>	<u>1,941,516</u>
<b>LONG-TERM LIABILITIES</b>		
Notes and Loans Payable, Non-Current (Note 4)	121,717	134,157
Mortgages Payable, Non-Current (Note 4)	9,901,287	10,081,795
Other Long-term Liabilities	118,276	113,503
Total Long-term Liabilities	<u>10,141,280</u>	<u>10,329,455</u>
Total Liabilities	<u>12,109,244</u>	<u>12,270,971</u>
<b>NET ASSETS</b>		
Unrestricted	(384,143)	(100,147)
Temporarily Restricted (Note 5)	19,987,258	19,987,258
Permanently Restricted (Note 9)	286,273	286,273
Total Net Assets	<u>19,889,388</u>	<u>20,173,384</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 31,998,632</u></u>	<u><u>\$ 32,444,355</u></u>

See accompanying notes to the financial statements.

## VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

## CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2016

(With Comparative Summarized Information for 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016	Total 2015
<b>REVENUE FROM OPERATIONS</b>					
Public Support Received Directly					
Contributions	\$ 195,141	\$ -	\$ -	\$ 195,141	\$ 166,270
Contributions-in-Kind	33,858	-	-	33,858	12,458
Public Support Received Indirectly					
United Way	4,125	-	-	4,125	3,007
Volunteers of America Awards and Grants	12,000	-	-	12,000	10,836
Total Public Support	<u>245,124</u>	<u>-</u>	<u>-</u>	<u>245,124</u>	<u>192,571</u>
Revenues and Grants from Government Agencies	<u>8,543,357</u>	<u>-</u>	<u>-</u>	<u>8,543,357</u>	<u>7,394,043</u>
Other Revenue					
Program Service Fees	1,286,138	-	-	1,286,138	1,344,645
Rental Income	2,025	-	-	2,025	2,492
Other Operating Revenue	601,696	-	-	601,696	695,164
Total Other Revenue	<u>1,889,859</u>	<u>-</u>	<u>-</u>	<u>1,889,859</u>	<u>2,042,301</u>
<b>TOTAL REVENUE FROM OPERATIONS</b>	<u>10,678,340</u>	<u>-</u>	<u>-</u>	<u>10,678,340</u>	<u>9,628,915</u>
<b>OPERATING EXPENSES</b>					
Encouraging Positive Development	49,343	-	-	49,343	51,135
Fostering Independence	7,551,962	-	-	7,551,962	6,392,586
Promoting Self-sufficiency	2,086,722	-	-	2,086,722	2,142,222
Total Program Services	<u>9,688,027</u>	<u>-</u>	<u>-</u>	<u>9,688,027</u>	<u>8,585,943</u>
Management and General	1,053,791	-	-	1,053,791	923,634
Fundraising	39,661	-	-	39,661	141,085
Total Support Services	<u>1,093,452</u>	<u>-</u>	<u>-</u>	<u>1,093,452</u>	<u>1,064,719</u>
Affiliate Fees	170,616	-	-	170,616	182,254
<b>TOTAL OPERATING EXPENSES</b>	<u>10,952,095</u>	<u>-</u>	<u>-</u>	<u>10,952,095</u>	<u>9,832,916</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<u>(273,755)</u>	<u>-</u>	<u>-</u>	<u>(273,755)</u>	<u>(204,001)</u>
<b>Non-Operating Activity</b>					
Interest and Dividend Income	5,278	-	-	5,278	4,872
Net Gains (Losses) on Investments	(15,519)	-	-	(15,519)	13,796
Surplus from Non-Operating Activities	(10,241)	-	-	(10,241)	18,668
<b>CHANGE IN NET ASSETS</b>	<u>(283,996)</u>	<u>-</u>	<u>-</u>	<u>(283,996)</u>	<u>(185,333)</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>(100,147)</u>	<u>19,987,258</u>	<u>286,273</u>	<u>20,173,384</u>	<u>20,358,717</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ (384,143)</u>	<u>\$ 19,987,258</u>	<u>\$ 286,273</u>	<u>\$ 19,889,388</u>	<u>\$ 20,173,384</u>

See accompanying notes to the financial statements.

VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2016

(With Comparative Summarized Information for 2015)

	Program Services			Total	Support Services		Total	Total Program and Support Services	
	Encouraging Positive Development	Fostering Independence	Promoting Self-Sufficiency		Management and General	Fundraising		2016	2015
Salaries	\$ 4,430	\$ 3,705,096	\$ 996,616	\$ 4,706,142	\$ 598,449	\$ 11,483	\$ 609,932	\$ 5,316,074	\$ 4,607,849
Pension Expense	-	-	-	-	19,730	-	19,730	19,730	19,397
Other Employee Benefits	579	444,720	186,805	632,104	81,333	1,467	82,800	714,904	673,473
Payroll Taxes	273	307,854	81,059	389,186	37,138	898	38,036	427,222	394,771
Legal Fees	-	9,170	-	9,170	1,118	-	1,118	10,288	5,577
Accounting Fees	-	94,011	3,350	97,361	33,767	-	33,767	131,128	79,056
Other Professional Fees	-	8,641	120,737	129,378	157,188	2,625	159,813	289,191	241,378
Supplies and Expenses	25,515	248,796	185,057	459,368	2,818	3,105	5,923	465,291	481,020
Telecommunications	-	45,935	18,118	64,053	696	1,073	1,769	65,822	81,919
Postage	358	826	1,159	2,343	3,229	1,060	4,289	6,632	7,158
Occupancy Expense	11,000	802,738	176,518	990,256	47,892	-	47,892	1,038,148	1,023,251
Interest	-	287,510	28,177	315,687	-	-	-	315,687	303,495
Insurance	5,983	132,524	33,194	171,701	1,042	163	1,205	172,906	170,375
Equipment Rental and Maintenance	500	-	431	931	1,838	-	1,838	2,769	2,062
Printing and Publications	-	15,061	3,666	18,727	8,775	5,676	14,451	33,178	23,595
Travel and Transportation	705	46,815	18,947	66,467	8,571	257	8,828	75,295	84,089
Conferences and Meetings	-	40,417	19,697	60,114	14,304	2,026	16,330	76,444	78,234
Specific Assistance to Individuals	-	39,142	15,238	54,380	-	1,122	1,122	55,502	90,636
Other	-	567,238	63,521	630,759	5,647	8,706	14,353	645,112	393,643
Depreciation and Amortization	-	755,468	134,432	889,900	30,256	-	30,256	920,156	889,684
<b>Total Functional Expenses</b>	<b>\$ 49,343</b>	<b>\$ 7,551,962</b>	<b>\$ 2,086,722</b>	<b>\$ 9,688,027</b>	<b>\$ 1,053,791</b>	<b>\$ 39,661</b>	<b>\$ 1,093,452</b>	<b>10,781,479</b>	<b>9,650,662</b>
Fees Paid to National Organization								170,616	182,254
<b>Total Operating Expenses</b>								<b>\$ 10,952,095</b>	<b>\$ 9,832,916</b>

See accompanying notes to the financial statements.

## VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Decrease in Net Assets	\$ (283,996)	\$ (185,333)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Non-Operating Gains	13,747	(18,408)
Gain on Sale of Fixed Assets	1,772	-
Depreciation and Amortization	920,156	889,684
Forgiveness of Debt	(321,383)	(321,384)
Changes in Assets and Liabilities:		
Accounts Receivable	(186,793)	(110,212)
Prepaid Expenses	(9,470)	3,186
Other Current Assets	13,981	(16,424)
Other Assets	1,510	(775)
Accounts Payable	(6,421)	(42,703)
Accrued Expenses	153,540	31,724
Other Current Liabilities	(509,364)	163,962
Other Long-term Liabilities	4,773	5,559
Net Cash Provided (Used) by Operating Activities	<u>(207,948)</u>	<u>398,876</u>
Cash Flows from Investing Activities:		
Net (Deposits to) Withdrawals from Designated/Restricted Assets	42,934	(150,433)
Proceeds from Sale of Fixed Assets	1,200	-
Purchases of Fixed Assets	(555,490)	(758,798)
Net Cash Used by Investing Activities	<u>(511,356)</u>	<u>(909,231)</u>
Cash Flows From Financing Activities:		
Proceeds from Notes and Mortgages Payable	274,956	467,465
Note and Mortgage Principal Payments	(107,828)	(55,860)
Payment of Deferred Fees	(45,531)	-
Line of Credit Proceeds (Net)	350,000	45,000
Net Cash Provided by Financing Activities	<u>471,597</u>	<u>456,605</u>
Net Decrease in Cash and Cash Equivalents	(247,707)	(53,750)
Cash and Equivalents at Beginning of Year	<u>677,701</u>	<u>731,451</u>
Cash and Equivalents at End of Year	<u>\$ 429,994</u>	<u>\$ 677,701</u>
Supplemental Disclosure of Cash Flows Information:		
Cash Paid During the Year for:		
Interest	<u>\$ 311,855</u>	<u>\$ 286,875</u>

See accompanying notes to the financial statements.

VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION

The consolidated financial statements for Volunteers of America Northern New England, Inc. ("Organization") include the following, which collectively are referred to as the Organization:

Volunteers of America Northern New England, Inc.  
Loudon VOANNE Senior Housing, Inc.  
Topsham VOANNE Senior Housing, Inc.  
VOANNE Bangor Senior Housing, LP  
Saco VOANNE Senior Housing, Inc.  
VOANNE Vincent Street House  
VOANNE Property Corporation  
VOANNE Beach Street House, Inc.  
VOANNE Beach Street Apartment  
VOANNE Brackett Street House, Inc.  
VOANNE Sawyer Street House, Inc.  
Veterans VOANNE Housing Corporation  
Old Town VOA Affordable Housing, Inc.

Volunteers of America Northern New England, Inc. is a nonprofit spiritually based human services organization, incorporated in Maine, that provides social services within the states of Maine and New Hampshire 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.

Program services for the years ending June 30, 2016 and 2015 include:

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.

*Children and Youth:* Programs include Camp POSTCARD.

Fostering Independence - Volunteers of America fosters the health and independence of the elderly and persons with disabilities and mental illness through quality affordable housing, health care services, and a wide range of community services.

*Housing:* Disabled Housing and Elderly Housing: The Organization manages, on behalf of VOA National Services, 212 HUD-subsidized apartments housing elderly persons. The Organization operates 243 HUD-subsidized apartments housing elderly and disabled persons.

VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

NOTE 1 - ORGANIZATION (Continued)

*Mental Health:* The Organization operates 32 supportive housing units for persons with mental illness.

*Behavioral Health Home Organization (BHHO):* The BHHO is a federally funded Medicaid program that is open to individuals with severe and persistent mental illness. Individuals with major mental health issues have more complicated and fatal medical issues than the general population. The BHHO is an integrated model that pairs the individual with a primary care professional with a mental health provider in order to reduce hospitalizations and illness due to physical health. The goal is to integrate care to reduce costs and improve health.

*Senior Support Services:* Volunteers of America Northern New England is a registered Personal Care Agency. It lends a helping hand to seniors living independently or allows respite for caregivers.

*In-Home Senior Support Services* offers personal care support for seniors in their homes. This program allows seniors access to homemaker assistance, housekeeping, assistance with activities of daily living skills, transportation, medication assistance and more. It allows seniors to age in place regardless of their income, reduces isolation, increases access to community resources, and leads to a better quality of life. This program is set apart from other in-home support services because it is affordable and has no hourly minimum requirements for service.

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.

*Correctional Services:* Programs include adult correction and transitional and reentry programs.

VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

NOTE 1 - ORGANIZATION (Continued)

*IRS/VITA CA\$H Maine and Midcoast CA\$H:* Creating Assets, Savings and Hope (CA\$H) Maine is a collaboration of eight statewide coalitions and the IRS, comprised of 50 nonprofit and business partners, working together to help low- and moderate-income Mainers make the most of their money. CA\$H Maine offers free tax preparation to qualified filers during the tax season with IRS-certified volunteer tax preparers, and connects residents to financial education resources with volunteer asset coaches, including financial education and home buying workshops, Family Development Accounts (FDAs) and credit counseling. The Midcoast CA\$H Coalition has 17 partner agencies, banks and local businesses in the Bath, Brunswick and Topsham area.

*Community Mediation and Maine's Agricultural Mediation* programs provide mediation, facilitation and conflict resolution training for senior housing, corrections, neighbors, families, communities and the Agricultural community throughout the state of Maine. Mediation is a convenient, affordable, voluntary and confidential process that encourages open dialogue, understanding and resolution. Mediators are volunteer community members, trained to facilitate discussion and help structure the mediation process. Community Mediation offers a 40-hour mediation training three times a year for anyone in the community wishing to become a mediator or to enhance their conflict resolution skills.

*Veterans Services:* Volunteers of American Northern New England, Inc. operates 18 units of transitional housing for homeless veterans and provides case management services and programs for health and wellness and basic living skills.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accounting policies of the agency conform to generally accepted accounting principles as applicable to voluntary health and welfare organizations.

Principles of Consolidation - The consolidated financial statements include the accounts of Volunteers of America Northern New England, Inc., Loudon VOANNE Senior Housing, Inc., Topsham VOANNE Senior Housing, Inc., VOANNE Bangor Senior Housing, LP, VOANNE Vincent Street House, VOANNE Property Corporation, VOANNE Beach Street House, Inc., VOANNE Beach Street Apartment, VOANNE Brackett Street House, Inc., VOANNE Sawyer Street House, Inc., Veterans VOANNE Housing Corporation, Saco VOANNE Senior Housing, Inc. and Old Town VOA Affordable Housing, Inc. All material inter-organization transactions have been eliminated.

VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment - Land, buildings, and equipment purchased by the agency are recorded at cost. This agency follows the practice of capitalizing all expenditures for land, buildings and equipment over \$2,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed on the straight-line method based upon the following estimated useful lives of the assets:

Furniture and Equipment	3, 5, 7 or 10 years
Transportation Vehicles	5 years
Buildings and Improvements	20 or 40 years

Cash Equivalents - Cash equivalents are all highly liquid investments with a maturity of three months or less when purchased, unless held for reinvestment as part of the investment portfolio, pledged to secure loan agreements or otherwise restricted or designated. The carrying amount approximates fair value because of the short maturity of those instruments.

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

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

Restricted and Designated Assets - Restricted and designated assets represent the total of all assets that are encumbered by donor restrictions, legal agreements, and board designation or are otherwise unavailable for the general use of the Organization. This category generally includes client/custodial funds, escrow/reserve funds, temporarily and permanently restricted assets, and securities that are pledged and held by the lender as collateral for financing.

Investments - Investments that are restricted by donor or board restrictions consist primarily of funds held with the Maine Community Foundation (MCF), a foundation made up of several hundred component funds. MCF has confirmed the fair market value of all assets held in Volunteers of America Northern New England, Inc.'s component fund. However, the assets of the individual funds are pooled with the assets of the majority of the component funds held by the foundation in one large investment portfolio. Due to pooling of funds, MCF is unable to identify specific securities for each component fund. Therefore, the Corporation is not able to fully disclose the nature and carrying amounts of individual investments or the inputs to fair value measurements in accordance with FASB ASC 820.

VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets - The Organization classifies net assets into three categories: unrestricted, temporarily restricted, and permanently restricted. All net assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Temporarily restricted net assets include contributions with temporary, donor-imposed time or purpose restrictions. Temporarily restricted net assets become unrestricted and are reported in the statement of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose. Permanently restricted net assets include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity, but permitting use of all or part of the investment income earned on the contributions.

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

Income Taxes - Under provision of Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the State of Maine, Volunteers of America Northern New England, Inc. is exempt from income taxes, except for net income from unrelated business income, as a subordinate unit of Volunteers of America, Inc. Volunteers of America, Inc. is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code as a religious organization described in Section 501(c)(3). There were no unrelated business activities in 2016 or 2015. Accordingly, no income tax expense was incurred during the years ending June 30, 2016 and 2015.

In accordance with accounting principles generally accepted in the United States of America, management has evaluated its exposure to material tax positions and determined that there are no such tax positions requiring accounting recognition. Informational returns filed by the Organization are subject to examination by the Internal Revenue Service for a period of three years. While no informational returns are currently being examined by the Internal Revenue Service, the three previous tax years remain open. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Summary Financial Information for 2015 - The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2015, from which summarized information was derived.

VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

NOTE 2 - 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 statement of activities. Accordingly, certain costs have been allocated among the various functions.

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

Reclassifications - Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Subsequent Events - Subsequent events have been evaluated through October 20, 2016, the date the financial statements were available to be issued.

NOTE 3 - LEASES

Volunteers of America Northern New England, Inc. (VOANNE) leases property and equipment on annual renewable leases. VOANNE also leases office and program space under two non-cancelable operating leases. The office lease expires in 2019; the lease for the program space will expire in 2017 unless the Organization exercises one of the three two-year renewal options. Rent expense for the years ended June 30, 2016 and 2015 totaled \$244,354 and \$274,102, respectively.

Future minimum lease expense under the terms of the leases is as follows:

2017	\$	116,415
2018		59,055
2019		60,532
	\$	<u>236,002</u>

VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

NOTE 4 - NOTES AND MORTGAGES PAYABLE

Long-term debt at June 30, 2016 and 2015 consists of the following:

	<u>2016</u>	<u>2015</u>
Promissory Note Payable - Saco and Biddeford Savings Institution, with interest at 4.5%, the rate is adjusted annually to the FHLBB Classic Advance rate, payments of principal and interest of \$1,513 are due monthly through April 29, 2040 when all remaining principal and interest are due.	\$ 133,747	\$ 145,613
Promissory Note Payable - MaineHousing under the Tax Credit Exchange Program, no interest, one-fifteenth of the loan will be forgiven on each annual anniversary of the first day of the tax credit period. The loan is secured by a mortgage deed on real property of VOANNE Bangor Senior Housing, LP.	3,525,190	3,845,662
Promissory Note Payable - Bangor Savings Bank, no interest; the loan will be forgiven in 2026 as long as specified affordable housing restrictions are maintained. The loan is secured by a mortgage deed on the real property of VOANNE Bangor Senior Housing, LP.	400,000	400,000
Promissory Note Payable - MaineHousing, with interest at 3%, payments of principal and interest are deferred until November 23, 2051 when all unpaid principal and interest is due. The loan is secured by a mortgage deed on the real property of VOANNE Bangor Senior Housing, LP.	119,829	119,829
Promissory Note Payable - City of Bangor, with interest at 3%, one-twentieth of the loan will be forgiven each year provided the project rents all apartments to low- and moderate-income households. The loan is secured by a mortgage deed on the real property of VOANNE Bangor Senior Housing, LP.	13,672	14,583
Promissory Note Payable - MaineHousing, no interest, twenty percent of the original note was forgiven at closing, forty percent will be forgiven on May 20, 2025 and forty percent will be forgiven on May 20, 2040. The loan is secured by a mortgage deed on the real property of Veterans VOANNE Housing Corporation.	300,446	300,446

VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

NOTE 4 - NOTES AND MORTGAGES PAYABLE (Continued)

	<u>2016</u>	<u>2015</u>
Promissory Note Payable - MaineHousing, no interest. The note is forgivable in March 2021 provided the project complies with the conditions of the note. The loan is secured by a mortgage deed on the real and personal property of VOANNE Beach Street House, Inc.	100,000	100,000
Promissory Note Payable - MaineHousing, no interest. The loan will be forgiven in May 2025 as long as affordable housing restrictions are maintained. The loan is secured by a mortgage deed on the real property of VOANNE Beach Street Apartment.	87,867	87,867
Promissory Note Payable - MaineHousing, no interest, twenty percent of the original loan was forgiven on the date the second mortgage was recorded, forty percent will be forgiven on June 22, 2020, and forty percent will be forgiven on June 22, 2035. The loan is secured by the real estate and personal property VOANNE Brackett Street House, Inc.	200,000	200,000
Promissory Note Payable - MaineHousing, no interest; the loan will be forgiven on June 22, 2020. The loan is secured by the real estate and personal property of VOANNE Brackett Street House, Inc.	100,000	100,000
Promissory Note Payable - TD Bank, with interest at 6.64%, payments of principal and interest of \$731 are due monthly through April 3, 2020 when all remaining principal and interest is due. The note is secured by a mortgage deed on the real property of VOANNE Vincent Street House.	29,548	36,123
Promissory Note Payable - MaineHousing, no interest; the loan will be forgiven thirty years from the date of issuance so long as the Organization complies with the terms of the agreement. The loan is secured by a mortgage deed on the real property VOANNE Property Corporation.	355,000	355,000

VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

NOTE 4 - NOTES AND MORTGAGES PAYABLE (Continued)

	<u>2016</u>	<u>2015</u>
Promissory Note Payable - Bangor Savings Bank, with interest at 5% annually for ten years at which time the interest rate will be adjusted to the FHLBB rate plus 2%, payments of principal and interest of \$1,137 are due monthly through January 24, 2028 when all remaining unpaid principal and interest is due. The loan is secured by real estate located on Peaks Island, Maine of VOANNE Property Corporation.	194,670	201,798
Promissory Note Payable - MaineHousing, with interest at 8%, payments of principal and interest of \$3,153 are due monthly through June 1, 2044. The loan is secured by the real estate and personal property of Old Town VOA Affordable Housing, Inc.	422,239	426,126
Promissory Note Payable - MaineHousing, with interest at 8%, payments of \$12,433 are due monthly through July 1, 2044. The loan is secured by the real estate and personal property of Old Town VOA Affordable Housing, Inc.	1,664,958	1,680,288
Promissory Note Payable - MaineHousing, with interest at 5.5%, payments of principal and interest of \$7,097 are due monthly through July 1, 2044. The loan is secured by the real estate and personal property of Old Town VOA Affordable Housing, Inc.	1,216,893	1,234,600
Promissory Note Payable - Volunteers of America National Services, a related party, no interest. The loan is due at the earlier of (a) the sale or refinancing of the property or (b) June 26, 2024. The loan is secured by a mortgage deed on the real estate and personal property of Old Town VOA Affordable Housing, Inc.	200,000	200,000
Promissory Note Payable - Volunteers of America National Services, a related party, no interest, payments of \$2,145 are due monthly through June 2017. The note is secured by the real estate and personal property of Old Town VOA Affordable Housing, Inc.	25,725	51,465

VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

NOTE 4 - NOTES AND MORTGAGES PAYABLE (Continued)

	<u>2016</u>	<u>2015</u>
Promissory Note Payable - Bangor Savings Bank, with interest at 3.9% annually for ten years, payments of \$2,512 are due monthly. The loan is secured by real estate located in Biddeford, Maine.	400,945	414,885
Promissory Note Payable - Bangor Savings Bank, with interest at 4.06% annually for the first five years, then will change to the FHLBB 5/5 Amortizing Advance Rate plus 2.5% for five years, and then will change to the FHLBB 3/3 Amortizing Advance Rate plus 2.5% for three years. Interest only payments are due for three years. Beginning in August 2016, payments of \$4,061 are due through October 18, 2026 when all unpaid principal and interest is due. The loan is secured by personal property.	400,000	400,000
Promissory Note Payable - Ally Bank with interest at 3.24% annually for five years, payments of \$343 are due monthly. The loan is secured by a vehicle.	15,408	-
Promissory Note Payable - Bangor Savings Bank, with interest at 3.84% annually for ten years, payments of \$1,537 are due monthly. The loan is secured by real estate of VOANNE Property Corporation	253,893	-
	<u>10,160,030</u>	<u>10,314,285</u>
Less Current Maturities	<u>137,026</u>	<u>98,333</u>
	<u>\$10,023,004</u>	<u>\$10,215,952</u>

The notes will be amortized as follows:

2017	\$ 137,026
2018	130,205
2019	135,917
2020	130,413
2021	137,265
Thereafter	<u>9,489,204</u>
Total	<u>\$ 10,160,030</u>

Deferred interest payable at June 30, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Note Payable - VOANNE Bangor Senior	<u>\$ 17,444</u>	<u>\$ 13,403</u>

VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

NOTE 5 - CAPITAL ADVANCES

Section 202 of the National Housing Act authorizes HUD to provide funds as capital advances to nonprofit owners for new construction or acquisition/rehabilitation of elderly housing facilities. The capital advance notes bear no interest and repayment is not required so long as the housing remains available for very low-income elderly persons for at least 40 years in accordance with Section 202 of the National Housing Act, the Regulatory Agreement, and HUD Regulations.

Section 811 of the National Housing Act authorizes HUD to provide funds as capital advances to nonprofit owners for new construction or acquisition/rehabilitation of supportive housing facilities. The capital advance notes bear no interest and repayment is not required so long as the housing remains available for very low-income persons with disabilities for at least 40 years in accordance with Section 811 of the National Housing Act, the Regulatory Agreement, and HUD Regulations.

Capital advances totaled \$19,987,258 at both June 30, 2016 and 2015, and are classified in the Statement of Financial Position as temporarily restricted net assets.

NOTE 6 - LINE OF CREDIT

The Organization has a line of credit with Bangor Savings Bank. The line of credit is renewable on an annual basis. The maximum credit available is currently \$900,000 (increased from \$650,000 during 2016, with interest at a variable rate equal to the Wall Street Journal Prime Rate (3.5% as of June 30, 2016). The balances at June 30, 2016 and 2015 were \$711,209 and \$361,209, respectively. The maturity date of the note is November 30, 2016, unless renewed in writing.

NOTE 7 - PENSION PLANS

The Organization participates in a non-contributory defined benefit pension and retirement plan. The plan is administered through a commercial insurance company and covers all ministers commissioned through December 31, 1999. Pension plan expense was \$19,730 and \$19,397 for the years ended June 30, 2016 and 2015, respectively. Because the plan is a multi-employer plan, the accumulated benefits and net assets available for benefits as they relate solely to the Organization are not readily available.

Employees of the Organization are covered by a Section 403(b) annuity pension plan. Employees may contribute up to 15% of their base wages to the plan.

VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

NOTE 8 - RELATED PARTY TRANSACTIONS

Volunteers of America, Inc. (VOA) has organized separate nonprofit corporations to provide elderly housing. These corporations are related to the Organization by nature of property management agreements. These corporations owed the Organization \$75,906 and \$41,610 at June 30, 2016 and 2015, respectively.

The Organization is affiliated with Volunteers of America, Inc., which provides supporting services to the Organization for a fee. Affiliate fees for the fiscal years ended June 30, 2016 and 2015 totaled \$170,616 and \$182,254, respectively. Affiliate fees due at June 30, 2016 and 2015 were \$19,949 and \$20,420, respectively.

Volunteers of America, Inc. also provides fundraising support to the Organization under the Direct Mail program and the Enterprise program. During 2016 and 2015, Direct Mail contributions totaled \$8,140 and \$1,165, respectively. Auto donations received through the Enterprise Program totaled \$290 and \$750 during 2016 and 2015, respectively. Additionally, during 2016 and 2015, \$521 and \$3,671, respectively, in internet donations were collected by Volunteers of America, Inc. on behalf of the Organization. The Organization also participates in the Juice Plus program. The program assists affiliates in creating local fundraising mechanisms and in raising their profiles in their local communities. During 2015, \$836 was received from these programs.

Volunteers of America, Inc. has also provided grants from the Major League Baseball Trust. During 2016 and 2015, the Organization received \$2,000 and \$10,000, respectively, from the Major League Baseball Trust to support Maine Action Teams, a local youth program.

NOTE 9 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets represent the principal amount of a donor-restricted asset that has been invested by the Organization.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The Organization receives a significant amount of its support from state and federal agencies. If these agencies significantly reduced their level of support, it may affect certain Organization programs and activities.

Grants received by the Organization are subject to audit by the grantors upon termination of the grant period. Generally, management makes provisions for potential refunds to grantors that may result from audit adjustments. However, the provisions are subject to change as the amounts, if any, are not determinable until the audits are completed.

VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

NOTE 11 - DESIGNATED AND RESTRICTED ASSETS

Designated and Restricted Assets consist of restricted escrow/reserve funds, refundable deposits and endowment funds. The total designated and restricted assets at June 30, 2016 and 2015 were \$2,174,960 and \$2,231,641, respectively.

Designated and restricted assets consist of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Replacement Reserves	\$1,168,234	\$1,040,565
Residual Receipts Reserve	154,971	270,766
Operating Deficit Escrow	154,222	154,057
Tenant Security Deposits	100,832	100,865
Endowment Funds	596,701	665,388
	<u>\$2,174,960</u>	<u>\$2,231,641</u>

Activity in the Organization's Endowment Fund during 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Endowment Fund:		
Balance Beginning of Year	\$ 665,388	\$ 648,493
Interest and Dividends	3,073	3,524
Realized/ Unrealized Gain	(13,747)	13,796
Distributions	(84,040)	(19,185)
Contributions	31,358	24,232
Administrative Fees	(5,331)	(5,472)
	<u>\$ 596,701</u>	<u>\$ 665,388</u>

Endowment funds totaling \$286,273 have been classified as permanently restricted net assets as of June 30, 2016 and 2015 in accordance with the original bequest.

NOTE 12 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of checking, savings and investment accounts with banks and financial institutions. These balances fluctuate during the year. Cash balances can exceed the \$250,000 limit of FDIC coverage. Management regularly monitors the cash and investment account balances and attempts to maintain this potential risk at a minimum. At June 30, 2016, the Organization had cash on deposit, including restricted reserves and escrows and tenant security deposits of \$2,088,986 which was insured. Investments totaling \$596,701 are not covered by FDIC insurance.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Volunteers of America Northern New England, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Volunteers of America Northern New England, Inc., which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2016.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

## Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Otis Stowell". The signature is written in a cursive style with a large initial "O".

Certified Public Accountants

October 20, 2016  
South Portland, Maine



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors  
Volunteers of America Northern New England, Inc.

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

We have audited Volunteers of America Northern New England, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Volunteers of America Northern New England, Inc.'s major federal program for the year ended June 30, 2016. Volunteers of America Northern New England, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Volunteers of America Northern New England, Inc.'s compliance.

**Opinion on the Major Federal Program**

In our opinion, Volunteers of America Northern New England, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

## Report on Internal Control Over Compliance

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

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

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

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



Certified Public Accountants

October 20, 2016  
South Portland, Maine

## SUPPLEMENTARY INFORMATION

VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified  
Internal control over financial reporting:  
Material weakness(es) identified?  yes  no  
Significant deficiency(ies) identified  
not considered to be material weaknesses?  yes  none reported  
Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal Control over major programs:  
Material weakness(es) identified?  yes  no  
Significant deficiency(ies) identified  
not considered to be material weaknesses?  yes  none reported

Type of auditor's report issued on compliance for  
major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Title 2 *U.S. Code of  
Federal Regulations* (CFR) Part 200:516?  yes  no

Identification of major programs:

CFDA Number(s)

14.181

Name of Federal Program or Cluster

Supportive Housing for Persons with Disabilities

Dollar threshold used to distinguish  
between Type A and Type B programs: \$ 750,000  
Auditee qualified as low-risk auditee?  yes  no

**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None

VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2016

Federal Grantor/Program Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
Supportive Housing for Persons with Disabilities	14.181	\$ 1,917,490
Section 8 Housing Assistance Payments	14.195	719,609
Total U.S. Department of Housing and Urban Development		2,637,099
<u>U.S. Department of Agriculture</u>		
State Mediation Grants	10.435	41,924
<u>Department of the Treasury</u>		
Volunteer Income Tax Assistance Matching Grant	21.009	82,000
<u>Department of Veteran's Affairs</u>		
Homeless Veteran's Provider Grant and Per Diem Program	64.024	274,197
Total Expenditures of Federal Awards		\$ 3,035,220

VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2016

NOTE 1 - BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

NOTE 2 - RELATIONSHIP TO THE FINANCIAL STATEMENTS

The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200.516 (Uniform Guidance)*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

NOTE 3 - FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Volunteers of America Northern New England, Inc. except for federal awards expended by certain projects sponsored by the Organization provided by the U.S. Department of Housing and Urban Development (HUD). These federal award programs have been audited and reported on in accordance with the provisions of the Uniform Guidance at the project level.

NOTE 4 - CAPITAL ADVANCE BALANCE

Federal expenditures for Program 14.181 include the \$1,772,500 capital advance balance at the beginning of the audit period and project rental assistance of \$144,990. The capital advance balance at June 30, 2016 was also \$1,772,500.

NOTE 5 - DE MINIMIS INDIRECT COST RATE

The entity has not elected to use the 10% de minimis indirect cost rate per Title 2 *U.S. Code of Federal Regulations (CFR) Part 200*.

NOTE 6 - PASSTHROUGH FEDERAL AWARDS

\$123,072 of funds under CFDA 64.024 were passed through to the Organization by Community Housing of Maine, Inc.