

VOLUNTEERS OF AMERICA,
GREATER BATON ROUGE, INC. AND
HUMAN SERVICES OF GREATER
BATON ROUGE, INC.

JUNE 30, 2016

BATON ROUGE, LOUISIANA

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Independent Auditor's Report

Board of Directors
Volunteers of America, Greater Baton Rouge, Inc. and
Human Services of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidating financial statements of Volunteers of America, Greater Baton Rouge, Inc. and Human Services of Greater Baton Rouge, Inc., which comprise the Consolidating Statement of Financial Position as of June 30, 2016, and the related Consolidating Statement of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the Consolidating Financial Statements.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating 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 consolidating 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 consolidating 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 consolidating financial statements referred to above present fairly, in all material respects, the financial position of Volunteers of America, Greater Baton Rouge, Inc. and Human Services of Greater Baton Rouge, Inc., as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidating 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 consolidating 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 consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating 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 consolidating financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Volunteers of America, Greater Baton Rouge, Inc. and Human Services of Greater Baton Rouge, Inc.'s 2015 consolidating financial statements, and our report dated October 26, 2015, expressed an unmodified opinion on those audited consolidating financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited consolidating financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report date October 24, 2016 on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
October 24, 2016

**VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

| <u>ASSETS</u> | Volunteers of America, Greater Baton Rouge, Inc. | Human Services of Greater Baton Rouge, Inc. |
|---|---|---|
| Current Assets: | | |
| Cash | \$ 45,851 | \$ 39,991 |
| Accounts Receivable Less | | |
| Allowance of \$66,849 and \$27,026 in 2016 and 2015 | 2,428,865 | 19,739 |
| Pledges Receivable, Net | 178,441 | - |
| Prepaid Expenses | 5,794 | 830 |
| Total Current Assets | 2,658,951 | 60,560 |
| Land, Buildings and Equipment, at Cost Less | | |
| Accumulated Depreciation of \$3,549,995 | | |
| and \$3,384,318 in 2016 and 2015 | 1,861,995 | 808,577 |
| Investments | 649,481 | - |
| Other Assets | 131,619 | - |
| Total Assets | \$ 5,302,046 | \$ 869,137 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities: | | |
| Excess Outstanding Checks in Excess of Bank Balance | \$ 249,383 | \$ - |
| Accounts Payable | 155,543 | 71,787 |
| Accrued Expenses | 656,868 | - |
| Line of Credit | 506,622 | - |
| Other Liabilities | 200,901 | 4,390 |
| Current Portion of Long-Term Debt | 79,348 | 35,550 |
| Total Current Liabilities | 1,848,665 | 111,727 |
| Long-Term Liabilities: | | |
| Long-Term Debt | 558,148 | 191,729 |
| Net Assets: | | |
| Unrestricted | 2,458,978 | 565,681 |
| Temporarily Restricted | 119,063 | - |
| Permanently Restricted | 317,192 | - |
| Total Net Assets | 2,895,233 | 565,681 |
| Total Liabilities and Net Assets | \$ 5,302,046 | \$ 869,137 |

The accompanying notes are an integral part of this statement.

| <u>Eliminations</u> | <u>2016 Consolidated Totals</u> | <u>2015 Consolidated Totals</u> |
|---------------------|---|---|
| \$ - | \$ 85,842 | \$ 61,887 |
| (91,276) | 2,357,328 | 2,619,061 |
| - | 178,441 | 27,199 |
| - | 6,624 | 9,743 |
| <u>(91,276)</u> | <u>2,628,235</u> | <u>2,717,890</u> |
| - | 2,670,572 | 2,715,243 |
| - | 649,481 | 651,434 |
| - | 131,619 | 186,176 |
| <u>\$ (91,276)</u> | <u>\$ 6,079,907</u> | <u>\$ 6,270,743</u> |

| | | |
|--------------------|---------------------|---------------------|
| \$ - | \$ 249,383 | \$ 70,772 |
| (91,276) | 136,054 | 138,771 |
| - | 656,868 | 686,376 |
| - | 506,622 | 575,866 |
| - | 205,291 | 265,854 |
| - | 114,898 | 121,080 |
| <u>(91,276)</u> | <u>1,869,116</u> | <u>1,858,719</u> |
| - | 749,877 | 864,853 |
| - | 3,024,659 | 3,103,464 |
| - | 119,063 | 140,515 |
| - | 317,192 | 303,192 |
| <u>-</u> | <u>3,460,914</u> | <u>3,547,171</u> |
| <u>\$ (91,276)</u> | <u>\$ 6,079,907</u> | <u>\$ 6,270,743</u> |

**VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

CONSOLIDATING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

| | Volunteers of America, Greater Baton Rouge, Inc. | | | |
|--|---|---------------------------|---------------------------|------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Revenues from Operations: | | | | |
| Public Support Received Directly: | | | | |
| Contributions | \$ 825,983 | \$ 11,971 | \$ 14,000 | \$ 851,954 |
| Contributions, In-Kind | 864,250 | - | - | 864,250 |
| Public Support Received Indirectly: | | | | |
| United Way | 316,500 | - | - | 316,500 |
| Total Public Support | 2,006,733 | 11,971 | 14,000 | 2,032,704 |
| Revenue and Grants from Governmental Agencies | 15,069,667 | - | - | 15,069,667 |
| Other Revenue: | | | | |
| Program Service Fees | 479,333 | - | - | 479,333 |
| Rental Income | 37,228 | - | - | 37,228 |
| Miscellaneous | 223,781 | - | - | 223,781 |
| Total Other Revenue | 740,342 | - | - | 740,342 |
| Net Assets Released from Restrictions | 24,406 | (24,406) | - | - |
| Total Revenues from Operations | 17,841,148 | (12,435) | 14,000 | 17,842,713 |
| Operating Expenses: | | | | |
| Encouraging Positive Development | 2,642,196 | - | - | 2,642,196 |
| Fostering Independence | 9,857,094 | - | - | 9,857,094 |
| Promoting Self-Sufficiency | 2,740,306 | - | - | 2,740,306 |
| Total Program Services | 15,239,596 | - | - | 15,239,596 |
| Management and General | 2,157,182 | - | - | 2,157,182 |
| Fund Raising | 214,666 | - | - | 214,666 |
| Total Supporting Services | 2,371,848 | - | - | 2,371,848 |
| Administrative Fees Paid to National Organization | 317,673 | - | - | 317,673 |
| Total Operating Expenses | 17,929,117 | - | - | 17,929,117 |
| Excess (Deficit) from Operations | (87,969) | (12,435) | 14,000 | (86,404) |

(CONTINUED)

| Human Services of Greater Baton Rouge, Inc. | | | Eliminations | 2016 | 2015 |
|--|---------------------------|---------|--------------|------------------------|------------------------|
| Unrestricted | Temporarily Restricted | Total | | Consolidated Totals | Consolidated Totals |
| \$ - | \$ - | \$ - | \$ - | \$ 851,954 | \$ 787,757 |
| - | - | - | - | 864,250 | 677,949 |
| - | - | - | - | 316,500 | 345,250 |
| - | - | - | - | 2,032,704 | 1,810,956 |
| - | - | - | - | 15,069,667 | 15,471,020 |
| - | - | - | - | 479,333 | 478,070 |
| 159,190 | - | 159,190 | - | 196,418 | 222,256 |
| - | - | - | - | 223,781 | 229,431 |
| 159,190 | - | 159,190 | - | 899,532 | 929,757 |
| - | - | - | - | - | - |
| 159,190 | - | 159,190 | - | 18,001,903 | 18,211,733 |
| - | - | - | - | 2,642,196 | 2,349,706 |
| - | - | - | - | 9,857,094 | 9,968,358 |
| 138,186 | - | 138,186 | - | 2,878,492 | 3,022,908 |
| 138,186 | - | 138,186 | - | 15,377,782 | 15,340,972 |
| 22,564 | - | 22,564 | - | 2,179,746 | 2,207,406 |
| - | - | - | - | 214,666 | 399,857 |
| 22,564 | - | 22,564 | - | 2,394,412 | 2,607,263 |
| - | - | - | - | 317,673 | 334,030 |
| 160,750 | - | 160,750 | - | 18,089,867 | 18,282,265 |
| (1,560) | - | (1,560) | - | (87,964) | (70,532) |

| Volunteers of America, Greater Baton Rouge, Inc. | | | | |
|---|----------------------------|---------------------------|---------------------------|----------------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Non-Operating Gains (Losses) and Other Income: | | | | |
| Interest Income (Net of Expenses of \$3,219) | 5,253 | 6,408 | - | 11,661 |
| Gain on Sale of Assets | 17,647 | - | - | 17,647 |
| Net Realized and Unrealized Gains (Losses) | (12,179) | (15,425) | - | (27,604) |
| Other Income | - | - | - | - |
| Excess (Deficit) from Other Activities | 10,721 | (9,017) | - | 1,704 |
| Change in Net Assets | (77,248) | (21,452) | 14,000 | (84,700) |
| Net Assets - Beginning of Year | <u>2,536,226</u> | <u>140,515</u> | <u>303,192</u> | <u>2,979,933</u> |
| Net Assets - End of Year | <u><u>\$ 2,458,978</u></u> | <u><u>\$ 119,063</u></u> | <u><u>\$ 317,192</u></u> | <u><u>\$ 2,895,233</u></u> |

The accompanying notes are an integral part of this statement.

| Human Services of Greater Baton Rouge, Inc. | | | | 2016 | 2015 |
|--|---------------------------|------------|--------------|------------------------|------------------------|
| Unrestricted | Temporarily Restricted | Total | Eliminations | Consolidated Totals | Consolidated Totals |
| 3 | - | 3 | - | 11,664 | 12,643 |
| - | - | - | - | 17,647 | 805 |
| - | - | - | - | (27,604) | (2,247) |
| - | - | - | - | - | 19,767 |
| 3 | - | 3 | - | 1,707 | 30,968 |
| (1,557) | - | (1,557) | - | (86,257) | (39,564) |
| 567,238 | - | 567,238 | - | 3,547,171 | 3,586,735 |
| \$ 565,681 | \$ - | \$ 565,681 | \$ - | \$ 3,460,914 | \$ 3,547,171 |

**VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

| Volunteers of America, Greater Baton Rouge, Inc. | | | | | | |
|--|--|---------------------------|-----------------------------------|---------------|---------------------------|-----------------|
| | Program Services | | | Total | Supporting Services | |
| | Encouraging Positive Development | Fostering Independence | Promoting Self- Sufficiency | | Management and General | Fund Raising |
| Salaries | \$ 1,471,261 | \$ 6,086,931 | \$ 1,250,334 | \$ 8,808,526 | \$ 1,282,612 | \$ 89,539 |
| Pension | 16,182 | 58,174 | 3,896 | 78,252 | 96,710 | 2,250 |
| Employee Benefits | 102,887 | 443,819 | 113,918 | 660,624 | 37,676 | 2,971 |
| Payroll Taxes | 99,144 | 412,352 | 87,675 | 599,171 | 73,076 | 6,788 |
| Legal Fees | 31 | 25 | - | 56 | 7,462 | - |
| Accounting Fees | - | - | - | - | 59,615 | - |
| Other Professional Fees | 266,433 | 326,833 | 56,984 | 650,250 | 212,017 | 81,685 |
| Supplies and Expenses | 84,418 | 213,524 | 14,429 | 312,371 | 54,471 | 12,208 |
| Telecommunications | 27,557 | 104,368 | 29,797 | 161,722 | 26,892 | 1,740 |
| Postage | 726 | 9,690 | 1,660 | 12,076 | 3,837 | 4,591 |
| Occupancy Expenses | 100,913 | 346,239 | 114,630 | 561,782 | 64,455 | - |
| Interest | 921 | 7,836 | 1,741 | 10,498 | 59,913 | - |
| Insurance | 22,934 | 131,518 | 38,651 | 193,103 | 78,532 | - |
| Equipment Rental and Maintenance | 24,261 | 60,731 | 7,370 | 92,362 | 15,410 | - |
| Printing and Publications | 2,739 | 2,223 | 153 | 5,115 | 2,547 | 7,644 |
| Travel and Transportation | 118,090 | 275,241 | 25,743 | 419,074 | 34,549 | 3,030 |
| Conferences and Meetings | 6,529 | 8,477 | 1,971 | 16,977 | 9,227 | 50 |
| Specific Assistance to Individuals | 249,026 | 1,273,531 | 849,516 | 2,372,073 | - | - |
| Other | - | 37,496 | 127,066 | 164,562 | 276 | 1,923 |
| Depreciation and Amortization | 48,144 | 58,086 | 14,772 | 121,002 | 37,905 | 247 |
| Total Functional Expenses | \$ 2,642,196 | \$ 9,857,094 | \$ 2,740,306 | \$ 15,239,596 | \$ 2,157,182 | \$ 214,666 |

Administrative Fee Paid To National Organization

Total Expenses

The accompanying notes are an integral part of this statement.

| | | Human Services of Greater Baton Rouge, Inc. | | | | |
|---------------------|--|---|---------------------------|---|-------------------------------|-------------------------------|
| | | Program Services | Supporting Services | | | |
| Total | Total Program and Supporting Services Expenses | Promoting Self- Sufficiency | Management and General | Total Program and Supporting Services Expenses | 2016 Consolidated Total | 2015 Consolidated Total |
| \$ 1,372,151 | \$ 10,180,677 | \$ - | \$ - | \$ - | \$ 10,180,677 | \$ 10,248,682 |
| 98,960 | 177,212 | - | - | - | 177,212 | 194,180 |
| 40,647 | 701,271 | - | - | - | 701,271 | 710,934 |
| 79,864 | 679,035 | - | - | - | 679,035 | 679,270 |
| 7,462 | 7,518 | 448 | - | 448 | 7,966 | 4,960 |
| 59,615 | 59,615 | - | 4,349 | 4,349 | 63,964 | 54,350 |
| 293,702 | 943,952 | - | - | - | 943,952 | 959,740 |
| 66,679 | 379,050 | - | 2,935 | 2,935 | 381,985 | 414,330 |
| 28,632 | 190,354 | - | - | - | 190,354 | 191,272 |
| 8,428 | 20,504 | - | - | - | 20,504 | 26,206 |
| 64,455 | 626,237 | 26,792 | 15,280 | 42,072 | 668,309 | 665,813 |
| 59,913 | 70,411 | 1,599 | - | 1,599 | 72,010 | 70,617 |
| 78,532 | 271,635 | 24,915 | - | 24,915 | 296,550 | 292,154 |
| 15,410 | 107,772 | 3,314 | - | 3,314 | 111,086 | 98,340 |
| 10,191 | 15,306 | - | - | - | 15,306 | 17,983 |
| 37,579 | 456,653 | - | - | - | 456,653 | 453,375 |
| 9,277 | 26,254 | - | - | - | 26,254 | 51,325 |
| - | 2,372,073 | - | - | - | 2,372,073 | 2,297,904 |
| 2,199 | 166,761 | - | - | - | 166,761 | 276,115 |
| 38,152 | 159,154 | 81,118 | - | 81,118 | 240,272 | 240,685 |
| <u>\$ 2,371,848</u> | <u>\$ 17,611,444</u> | <u>\$ 138,186</u> | <u>\$ 22,564</u> | <u>\$ 160,750</u> | <u>\$ 17,772,194</u> | <u>\$ 17,948,235</u> |
| | <u>317,673</u> | | | | <u>317,673</u> | <u>334,030</u> |
| | <u>\$ 17,929,117</u> | | | | <u>\$ 18,089,867</u> | <u>\$ 18,282,265</u> |

**VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

CONSOLIDATING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE TOTALS FOR 2015

| | Volunteers of America, Greater Baton Rouge, Inc. | Human Services of Greater Baton Rouge, Inc. |
|--|---|--|
| Cash Flows From Operating Activities: | | |
| Change in Net Assets | \$ (84,700) | \$ (1,557) |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities: | | |
| Depreciation | 159,154 | 81,118 |
| Net Unrealized (Gain) Loss on Long-Term Investment | 27,604 | - |
| (Gain) Loss on Sale of Assets | (17,647) | - |
| Provision for Bad Debts | 110,445 | - |
| Changes in Current Assets and Liabilities: | | |
| (Increase) Decrease in Accounts Receivable | 219,681 | 44,308 |
| (Increase) Decrease in Pledges Receivable | (151,242) | - |
| (Increase) Decrease in Other Assets | 54,557 | - |
| (Increase) Decrease in Prepaid Expense | 3,119 | - |
| Increase (Decrease) in Accounts Payable | (47,275) | (68,143) |
| Increase (Decrease) in Other Liabilities/Contract Advances | (58,858) | (1,705) |
| Increase (Decrease) in Accrued Expenses | (29,508) | - |
| Net Cash Provided by Operating Activities | 185,330 | 54,021 |
| Cash Flows From Investing Activities: | | |
| Purchases of Fixed Assets | (203,374) | - |
| Proceeds From Sale of Fixed Assets | 17,647 | 7,773 |
| Purchases of Investments | (25,651) | - |
| Net Cash Provided by (Used in) Investing Activities | (211,378) | 7,773 |
| Cash Flows From Financing Activities: | | |
| Proceeds from Issuance of Long-Term Debt | - | - |
| Repayment of Notes Payable | (86,572) | (34,586) |
| Net Draws (Repayments) on Line of Credit | (69,244) | - |
| Increase (Decrease) in Excess Outstanding Checks Over Bank Balance | 178,611 | - |
| Net Cash Provided by (Used In) Financing Activities | 22,795 | (34,586) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (3,253) | 27,208 |
| Cash and Cash Equivalents - Beginning of Year | 49,104 | 12,783 |
| Cash and Cash Equivalents - End of Year | \$ 45,851 | \$ 39,991 |
| Supplemental Disclosure of Cash Flow Information: | | |
| Cash Payments for Interest | \$ 71,256 | \$ 1,599 |

The accompanying notes are an integral part of this statement.

| <u>Eliminations</u> | <u>2016 Consolidated Totals</u> | <u>2015 Consolidated Totals</u> |
|---------------------|---|---|
| \$ - | \$ (86,257) | \$ (39,564) |
| - | 240,272 | 240,686 |
| - | 27,604 | 2,247 |
| - | (17,647) | (805) |
| - | 110,445 | 220,637 |
| (3,648) | 260,341 | (639,724) |
| - | (151,242) | 82,599 |
| - | 54,557 | 166,447 |
| - | 3,119 | 164 |
| 3,648 | (111,770) | 86,476 |
| - | (60,563) | 37,230 |
| - | (29,508) | 13,892 |
| - | 239,351 | 170,285 |
| - | (203,374) | (282,801) |
| - | 25,420 | 1,055 |
| - | (25,651) | (42,065) |
| - | (203,605) | (323,811) |
| - | - | 36,530 |
| - | (121,158) | (116,370) |
| - | (69,244) | 304,249 |
| - | 178,611 | (85,348) |
| - | (11,791) | 139,061 |
| - | 23,955 | (14,465) |
| - | 61,887 | 76,352 |
| \$ - | \$ 85,842 | \$ 61,887 |
| \$ - | \$ 72,855 | \$ 69,401 |

**VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC.
AND HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS

JUNE 30, 2016

Note 1 - Summary of Significant Accounting Policies -

Organization

Volunteers of America, Greater Baton Rouge, Inc. ('the Organization') is a nonprofit spiritually based human services organization, recognized as a church, incorporated in the State of Louisiana that provides social services within the Greater Baton Rouge and Southwest Louisiana areas 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. Human Services of Greater Baton Rouge, Inc. ('the Organization') is a nonprofit organization incorporated in the State of Louisiana which operates as a property holding corporation for Volunteers of America, Greater Baton Rouge, Inc. The following is a list of the Impact Areas and the program services provided in each:

Encouraging Positive Development

Volunteers of America, Greater Baton Rouge, Inc. provides services to encourage positive development for troubled and at-risk children and youth, while also promoting the healthy development of all children, adolescents, and their families. 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. This affiliate provides children and youth services.

Fostering Independence

Volunteers of America, Greater Baton Rouge, Inc. fosters the health and independence of the elderly and persons with disabilities, mental illness, and HIV/AIDS through quality affordable housing, health care services, and a wide range of community services. This affiliate provides disability, elderly, health care, housing and mental health services.

Promoting Self-sufficiency

Volunteers of America, Greater Baton Rouge, Inc. promote 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. This affiliate provides community enhancement, correctional, health care, homeless and housing services.

Operations

The Organizations define operations as all program and supporting service activities undertaken as described above. 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.

Principles of Consolidation

The financial statements include the consolidated accounts of Volunteers of America, Greater Baton Rouge, Inc. and the related organization, Human Services of Greater Baton Rouge, Inc.

Accounting principles generally accepted in the United States of America require consolidation of all entities that an Organization has both control over and an economic interest in. Volunteers of America, Greater Baton Rouge, Inc. effectively controls the other organization's board of directors, and distributions made by the other organization are for the benefit of Volunteers of America, Greater Baton Rouge, Inc.

Basis of Accounting

The accounting policies of the Organizations conform to generally accepted accounting principles as applicable to voluntary health and welfare organizations. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The financial statements of the Organizations are prepared under the accrual method of accounting. The Organizations classify their net assets, its revenues and expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. Amounts for each of the three classes of net assets (permanently restricted, temporarily restricted, and unrestricted) are displayed in a statement of financial position and the amounts of change in each of the three classes of net assets are displayed in a statement of activities.

Allowances for Collection Losses

The allowance for collection losses are maintained at levels which are adequate to absorb reasonable foreseeable losses based on management's evaluation of outstanding balances and current economic conditions. The accounts receivable allowance was \$66,849 and \$27,026 at June 30, 2016 and 2015, respectively.

Property and Equipment

Land, buildings and equipment purchased by the Organizations are recorded at cost. The Organizations follow the practice of capitalizing all expenditures for land, buildings, and equipment over \$500; 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.

The Organizations expense purchases of property bought with funds from cost reimbursement grants from various State and Federal agencies. Special provisions contained in the State contracts specify that ownership of all property purchased shall revert back to the grantor after a specified term or under certain conditions pursuant to the contractual agreement.

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.

Investments

Investments in all debt and equity securities with readily determinable fair values are reported at their fair value. All other investments are reported at historical cost, if purchased, or, if contributed, at fair value at the date of contribution. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities accounts will occur in the near term and those changes could materially affect the amounts reported in the Consolidating Statement of Financial Position.

Contributions

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

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Volunteers of America, Greater Baton Rouge, Inc. uses the allowance method to determine uncollectible promises for unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

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 Organizations. 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.

Net Assets

The Organizations classify 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.

Contributed Services and Materials

The Organizations recognize contribution revenue for certain services received at the fair value of those services provided those services create or enhance nonfinancial 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. During the year ended June 30, 2016, the value of contributed services meeting the requirements for recognition in the financial statements was recorded.

Donated materials and supplies are reflected as contribution income and expense in the accompanying financial statements at their estimated values at the date of receipt.

Allocation of Expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the Consolidating Statement of Activities. Accordingly, certain costs have been allocated among the various functions based on the recording of expenses to individual cost centers assigned to each functional expense category.

Summary Financial Information for 2015

The 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 organizations' financial statements for the year ended June 30, 2015, from which the summarized information was derived.

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 reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Federal Income Taxes

Under provision of Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the State of Louisiana, Volunteers of America, Greater Baton Rouge, Inc. and Human Services of Greater Baton Rouge, Inc. are exempt from income taxes, except for net income from unrelated business income, as subordinate units 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. Accordingly, no tax expense was incurred during the years ended June 30, 2016.

Volunteers of America, Inc. files an income tax return which includes the Organizations listed above in the U.S. federal jurisdiction. With few exceptions, the Organizations are no longer subject to federal tax examinations by tax authorities for years before 2012. Any interest and penalties assessed by income taxing authorities are not significant and are included in general and administrative expenses in these financial statements, if applicable.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organizations may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended June 30, 2016.

Subsequent Events

The Organizations have evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through October 24, 2016, the date which the financial statements were available to be issued.

The following event has occurred subsequent to June 30, 2016:

On August 12, 2016, a significant rain event occurred throughout south Louisiana, spanning several days and resulting in significant flooding in certain areas. At this time, based upon preliminary analysis, management does not anticipate any material adverse effect on the Organizations' operations. However, until the full consequences of this rain event are realized, there is uncertainty of the effect, if any, that these events may have on the Organizations' future operations.

Note 2 - Investments -

The cost and estimated fair value including gross unrealized gains and losses of Volunteers of America, Greater Baton Rouge, Inc.'s investments at June 30, 2016 were as follows:

| | Cost | Unrealized Gains | Unrealized Losses | Fair Value |
|--------------|------------|---------------------|----------------------|---------------|
| Mutual Funds | \$ 512,771 | \$ 136,710 | \$ - | \$ 649,481 |

Included in the caption "Net Realized and Unrealized Gains (Losses)" on the Statement of Activities is the net increase in unrealized losses at June 30, 2016 of \$27,604.

Note 3 - Fair Value Measurements -

The fair value measurement accounting literature provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels. Level 1 inputs to the valuation methodology are based on unadjusted quoted prices for identical assets in active markets that the Organizations have the ability to access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data. Level 3 inputs are unobservable and are based on assumptions market participants would utilize in pricing the assets.

The Organizations use appropriate valuation techniques based on the available inputs to measure the fair value of these investments. The asset's fair value measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organizations' investments are reported at fair value in the accompanying consolidating statement of financial position. The methods used to measure fair value may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organizations believe its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The investments in mutual funds represent various specific investments and various pools of funds held by BRAF for the benefit of Volunteers of America, Greater Baton Rouge, Inc. and other non-profit organizations. These funds are valued at the fair value of the underlying securities which are primarily determined from closing prices reported on the active market.

The following table sets forth by level, within the fair value hierarchy, Volunteers of America, Greater Baton Rouge, Inc.'s assets at fair value as of June 30, 2016 which are measured on a recurring basis:

| | Assets at Fair Value as of June 30, 2016 | | | |
|--------------|--|------------|---------|------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds | \$ - | \$ 649,481 | \$ - | \$ 649,481 |

Note 4 - Concentration of Credit Risk -

Included in receivables are amounts due for program services provided to various agencies of the State of Louisiana and grant funds due from federal and state agencies. Allowances are provided for amounts estimated by management as uncollectible.

At various times during the year, cash on deposit with one banking institution may exceed the maximum amount insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the institution on a regular basis, along with their balances in cash to minimize this potential risk.

Note 5 - Unconditional Promises to Give -

The Organization conducts an annual "Cherish the Children" fund-raising campaign. This campaign is to benefit the Children Crisis Center Program (Parker House).

The Organization conducted a Capital Campaign to benefit the Children Crisis Center Program (Parker House) in the previous years. Remaining unconditional promises to give under this program are included below.

In addition, the Organization also has the "Family Fund" fundraising campaign whereby interest earnings can be used for various programs as stipulated by the donors.

The Organization also has the Partners In Caring Campaign and the Celebration for Change Campaign whereby pledges received under the campaigns are unrestricted.

Unconditional promises to give are as follows:

| | <u>Volunteers of America, Greater Baton Rouge, Inc.</u> |
|---|---|
| Receivables Due in Less Than One Year | \$ 244,874 |
| Receivables Due in One to Five Years | <u>89,153</u> |
| Total Unconditional Promises to Give | 334,027 |
| Less: Allowance for Uncollectible Amounts | (42,076) |
| Less: Discount to Present Value | <u>(24,357)</u> |
| Net Unconditional Promises to Give at June 30, 2016 | <u>\$ 267,594</u> |

The long-term portions of the pledge receivables are included in Other Assets on the Statement of Financial Position.

Note 6 - Related Parties -

The Organization is affiliated with Volunteers of America, Inc. which provides administrative services to the Organization for a fee. Affiliate fees for the fiscal year ended June 30, 2016 totaled \$317,673. The Organization owes Volunteers of America, Inc. fees of \$13,068 at June 30, 2016, which is included in notes payable as reflected in these financial statements. The amount recorded as a note payable relates to the fiscal year ended June 30, 2006 administrative fees and is further discussed in Notes 8 and 14 to these financial statements. The Organization also participates in the direct mail and scholastic book campaign sponsored by Volunteers of America, Inc.

Human Services of Greater Baton Rouge, Inc. has recorded land, buildings, and leasehold improvements of the Balis Street, Harry Drive, Brownlee Street, Garfield, MidCity and River Oaks properties in its financial statements. At June 30, 2016, Human Services of Greater Baton Rouge, Inc. owes a net amount of \$71,537 to Volunteers of America, Greater Baton Rouge, Inc., and Volunteers of America, Greater Baton Rouge, Inc. owes a net amount of \$19,739 to Human Services of Greater Baton Rouge, Inc. These amounts have been eliminated in these consolidating financial statements.

Furthermore, Volunteers of America, Greater Baton Rouge, Inc. acts as a management agent for various U.S. Department of Housing and Urban Development (HUD) housing complexes. The following is a listing of those entities with amounts due to Volunteers of America, Greater Baton Rouge, Inc. as of June 30, 2016:

| | |
|--------------------------------------|-------------------|
| Baton Rouge Residential Center, Inc. | \$ 41,096 |
| Oberlin VOA Living Center, Inc. | 31,013 |
| Lake Charles Living Center, Inc. | 25,739 |
| Baton Rouge VOA Living Centers, Inc. | 1,198 |
| New Roads VOA Living Center, Inc. | 9,358 |
| Oak Park Plaza, Inc. | 23,312 |
| Dumas House Corporation | 17,194 |
| Elton VOA Living Center, Inc. | <u>10,319</u> |
| | <u>\$ 159,229</u> |

The amounts listed above are included in accounts receivable as reflected in these financial statements.

Note 7 - Endowment Funds -

A version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) was adopted by the State of Louisiana on July 1, 2010. The new law updated the fundamental investment principles contained in the prior law (UMIFA), by providing standards to establish investment policies in a prudent manner by establishing a duty to minimize cost, diversify the investments, investigate facts relevant to the investment of the fund, consider tax consequences of investment decisions and to ensure that investment decision be made in light of the fund's entire portfolio as a part of an investment strategy having risk and return objectives reasonably suited to the fund and to the organization. UPMIFA also permits the Organization to accumulate for expenditure so much of an endowment fund as the Organization determines to be prudent for the uses, benefits, purposes and duration for which the endowment fund is established, thereby eliminating the restriction that a fund could not be spent below

its historical dollar value. Seven criteria are to be used to guide the Organization in its yearly expenditure decisions:

- (1) duration and preservation of the endowment funds,
- (2) the purposes of the Organization and the endowment funds,
- (3) general economic conditions,
- (4) effect of inflation or deflation,
- (5) the expected total return from income and the appreciation of investments,
- (6) other resources of the Organization, and
- (7) the investment policy of the Organization.

Volunteers of America, Greater Baton Rouge, Inc. has followed the policy of investing its endowment funds in mutual funds. As required by generally accepted accounting principles, and in accordance with the terms of the fund agreements, these endowment funds and the net appreciation (depreciation) of these funds are recorded as permanently restricted net assets in these financial statements. The historical cost of the net assets associated with the endowment funds will be preserved, and any remaining net depreciation that is not classified in permanently restricted net assets is classified as temporarily restricted or unrestricted net assets.

Endowment net asset composition by type of fund as of June 30, 2016 is as follows:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total Endowment Assets |
|----------------------------------|------------------|---------------------------|---------------------------|------------------------------|
| Donor Restricted Endowment Funds | <u>\$ 21,959</u> | <u>\$ 27,848</u> | <u>\$ 317,192</u> | <u>\$ 366,999</u> |

Changes in endowment net assets for the year ended June 30, 2016 is as follows:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total Endowment Assets |
|--|------------------|---------------------------|---------------------------|------------------------------|
| Endowment Net Assets, Beginning of Year | \$ 35,641 | \$ 21,440 | \$ 303,192 | \$ 360,273 |
| Investment Income | - | 6,408 | - | 6,408 |
| Depreciation of Investments, Net | (15,425) | - | - | (15,425) |
| Contributions (Distributions) | <u>1,743</u> | <u>-</u> | <u>14,000</u> | <u>15,743</u> |
| Endowment Net Assets, End of Year | <u>\$ 21,959</u> | <u>\$ 27,848</u> | <u>\$ 317,192</u> | <u>\$ 366,999</u> |

Note 8 - Notes Payable -

Notes Payable of Volunteers of America, Greater Baton Rouge, Inc. are detailed as follows:

| | <u>Due Within One Year</u> | <u>Due After One Year</u> |
|--|--------------------------------|-------------------------------|
| Note dated April 14, 2011 with an original principal balance of \$150,000 payable in 180 monthly installments of \$1,247 which includes interest at a rate of 5.65%. The note is collateralized by land and building on Wooddale Boulevard. | \$ 8,881 | \$ 102,706 |
| Note dated April 14, 2011 with an original principal balance of \$608,975 payable in 180 monthly installments of \$5,061 which includes interest at a rate of 5.65%. The note is collateralized by land and building on North Boulevard. | 36,054 | 416,967 |
| Note dated February 20, 2015 with an original principal balance of \$36,530 payable in 60 monthly installments of \$701 which includes interest at a rate of 5.50%. The note is collateralized by a 2015 Ford Van. | 6,983 | 21,998 |
| Note dated March 13, 2007 payable to Volunteers of America, Inc. with an original principal balance of \$195,292 payable in 120 monthly installments of \$1,627 which includes interest at a rate of 0%. This note is unsecured and is further described in Note 14. | 13,068 | - |
| Note dated November 7, 2011 with an original principal balance of \$30,332 payable in 60 monthly installments of \$590 which includes interest at a rate of 6%. The note is collateralized by a 2011 Chevrolet van. | 3,393 | - |
| Note dated August 15, 2013 with an original principal balance of \$27,033 payable in 60 monthly installments of \$519 which includes interest at a rate of 5.5%. The note is collateralized by a 2012 Ford van. | 5,641 | 7,499 |
| Note dated December 10, 2013 with an original principal balance of \$25,939 payable in 60 monthly installments of \$499 which includes interest at a rate of 5.5%. The note is collateralized by a 2012 Ford van. | <u>5,328</u> | <u>8,978</u> |
| | <u>\$ 79,348</u> | <u>\$ 558,148</u> |

Notes Payable of Human Services of Greater Baton Rouge, Inc. are detailed as follows:

| | <u>Due Within One Year</u> | <u>Due After One Year</u> |
|---|--------------------------------|-------------------------------|
| Note dated December 29, 1994 with the City of Baton Rouge-Parish of East Baton Rouge with an original principal balance of \$198,646 and a 0% interest rate. Loan term is 240 months beginning with the first payment due on or by January 1, 2004. The note is collateralized by land and building on Harry Drive. | \$ 9,932 | \$ 65,388 |
| Note dated March 31, 2003 with Capital One Bank, formerly Hibernia National Bank, with an original principal balance of \$192,000 payable in 180 monthly installments of \$1,624 which includes a variable interest rate based on the U.S. Dollar Swap Rate plus 2.79% (current rate 6.39%). The note is collateralized by land and building on River Road. | 18,067 | 16,020 |
| Note dated October 10, 2000 with the City of Baton Rouge - Parish of East Baton Rouge with an original principal balance of \$233,024 and a 0% interest rate. Loan term is 240 months with the first payment due on or by April 1, 2001. The note is collateralized by land and building on Garfield Street. | <u>7,551</u> | <u>110,321</u> |
| | <u>\$ 35,550</u> | <u>\$ 191,729</u> |

Note obligation maturities for years ended June 30, are as follows:

| | <u>Volunteers of America, Greater Baton Rouge, Inc.</u> | <u>Human Services of Greater Baton Rouge, Inc.</u> |
|------------|---|--|
| 2017 | \$ 79,348 | \$ 35,550 |
| 2018 | 66,505 | 33,503 |
| 2019 | 62,979 | 17,483 |
| 2020 | 60,042 | 17,483 |
| 2021 | 56,299 | 97,600 |
| Thereafter | <u>312,323</u> | <u>25,660</u> |
| | <u>\$ 637,496</u> | <u>\$ 227,279</u> |

Interest expense for the year ended June 30, 2016 amounted to \$70,411 for Volunteers of America, Greater Baton Rouge, Inc., \$1,599 for Human Services of Greater Baton Rouge, Inc.

Note 9 - Line of Credit -

Volunteers of America, Greater Baton Rouge, Inc. has a revolving line of credit with Capital One with a stated maximum of \$1,500,000, which expires on January 8, 2017. The line of credit bears a variable interest rate based on the Wall Street Journal Prime Rate but cannot be less than 4.5% (current rate 4.75%). The line of credit is secured by Accounts Receivable, and as of June 30, 2016 had an outstanding balance of \$506,622.

Note 10 - Minimum Lease Commitments -

The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms as of June 30, 2016:

| Year Ended, June 30, | Volunteers of America, Greater Baton Rouge, Inc. |
|----------------------|--|
| 2017 | \$ 261,534 |
| 2018 | 200,784 |
| 2019 | 68,784 |
| | <hr/> |
| | \$ 531,102 |
| | <hr/> |

Total rental expenses for the year ended June 30, 2016 for all operating leases was \$275,917 for Volunteers of America, Greater Baton Rouge, Inc. and \$-0- for Human Services of Greater Baton Rouge, Inc.

Note 11 - Accrued Annual Leave -

Volunteers of America, Greater Baton Rouge, Inc. has recorded an estimated liability for accrued leave of an amount based on the total hours of leave accumulated at June 30, 2016, times the employee's hourly rate at June 30, 2016. Employees accrue hours based upon their length of service. No more than one hundred sixty-eight hours of leave can be carried over from one year to another. Accrued leave in the amount of \$318,991 is included in the accrued expenses account on the Consolidating Statement of Financial Position.

Note 12 - Pension Plan for Ministers -

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 \$101,368 for the year ended June 30, 2016.

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.

Note 13 - Thrift Plan for Employees -

Volunteers of America, Greater Baton Rouge, Inc. has a Section 403(b) Thrift Plan that covers all employees with a minimum of one year of service. The Organization matches an amount equal to 50% of the basic employee contributions made by each participant limited to 8% of their wages. Volunteers of America, Greater Baton Rouge, Inc. elected a three year cliff vesting option for this plan. The expense for the year ended June 30, 2016 was \$75,844.

Note 14 - Memorandum of Understanding with Volunteers of America, Inc. -

On March 13, 2007, the Organization entered into a "Memorandum of Understanding" with its national office, Volunteers of America, Inc. In accordance with the document, the Organization had been placed on "Focused Attention" status as a result of various financial conditions and the authorization by the Volunteers of America, Inc.'s Board of Directors for a payment plan for affiliate dues. This

payment plan has been recorded as a note payable in these financial statements and relates to additional affiliate dues that were owed at the end of the 2006 fiscal year. See Note 8 for details of the note payable. The associated Note Payable balance at June 30, 2016 totals \$13,068. This “Memorandum of Understanding” is effective for a period of one-year from the date of inception until it is mutually agreed by both parties that it is completed. The Organization has since been removed from “Focused Attention” status and granted “Evergreen” status.

Note 15 - Commitments and Contingencies -

The Organization receives financial assistance directly from federal agencies which are subject to compliance audits under Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and monitoring reviews by the granting agencies. As a result, amounts might be subject to disallowance upon acceptance of the audits and monitoring reviews by the federal granting agencies.

During 2016, with the consent of the Board of Directors, management began the implementation of an Electronic Health Record Software. The total cost of the software implementation is estimated to be \$168,313. As of June 30, 2016, the remaining balance due on the project is \$49,889.

Note 16 - Net Assets Released from Restrictions -

Net assets released from donor restrictions for incurring expenses satisfying the restricted purpose are as follows:

| | Volunteers of America, Greater Baton Rouge, Inc. | Human Services of Greater Baton Rouge, Inc. |
|------------------|--|---|
| Program Services | \$ 24,406 | \$ - |

Note 17 - Restrictions on Net Assets -

Temporarily restricted net assets are available for the following purposes:

| | Volunteers of America, Greater Baton Rouge, Inc. |
|------------------------|--|
| Program Services | \$ 116,462 |
| Clothing for Residents | 2,601 |
| | \$ 119,063 |

Permanently restricted net assets consist of the following:

| | Volunteers of America, Greater Baton Rouge, Inc. |
|------------------------|--|
| Family Fund Endowment | \$ 314,692 |
| Clothing for Residents | 2,500 |
| | <u>\$ 317,192</u> |

Note 18 - Schedule of Compensation, Benefits and Other Payments to President and CEO -

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation, Benefits and Other Payments received by Jane Shank, former President and CEO, and her successor Janet Pace, President and CEO, for the year ended June 30, 2016:

| | Jane Shank | Janet Pace |
|----------------------------|-------------------|------------------|
| Salary | \$ 79,817 | \$ 84,583 |
| SECA | 4,867 | - |
| Benefits - Health & Dental | - | 1,445 |
| Benefits - 403b Retirement | 17,875 | - |
| Benefits - Milliman | 14,066 | - |
| Benefits - Life, LTD, AD&D | 229 | 48 |
| Car Allowance | 5,400 | - |
| Reimbursements | 1,240 | 2,898 |
| Registration Fees | - | 745 |
| Conference Travel | 1,876 | 4,890 |
| Housing | 20,100 | - |
| | <u>\$ 145,470</u> | <u>\$ 94,609</u> |

SUPPLEMENTARY INFORMATION

**VOLUNTEERS OF AMERICA,
GREATER BATON ROUGE, INC.**

STATEMENT OF ACTIVITIES FOR SPECIAL PROGRAMS*

FOR THE YEAR ENDED JUNE 30, 2016

Revenues from Operations:

| | |
|--------------------------------|---------------|
| Government Grants and Fees | \$ 1,156,036 |
| United Way Allocation | 316,500 |
| Other | <u>45,981</u> |
| Total Revenues from Operations | 1,518,517 |

Operating Expenses:

| | |
|----------------------------------|--------------------------|
| Salaries | 415,163 |
| Employee Benefits | 39,183 |
| Payroll Taxes | 29,467 |
| Professional Fees | 12,886 |
| Supplies and Office Expenses | 28,352 |
| Administrative Expenses | 194,182 |
| Occupancy | 70,701 |
| Insurance | 26,895 |
| Interest Expense | 1,084 |
| Equipment Rental and Maintenance | 5,044 |
| Printing and Publications | 144 |
| Travel | 4,886 |
| Client Cash Subsidy | 401,403 |
| Depreciation | 11,626 |
| Other | 74,198 |
| Shared Expenses | <u>64,771</u> |
| Total Operating Expenses | <u>1,379,985</u> |
| Change in Net Assets | \$ <u><u>138,532</u></u> |

* Includes all programs of Volunteers of America, Greater Baton Rouge, Inc. which received Capital Area United Way Funding annual allocation.

See auditor's report.

**VOLUNTEERS OF AMERICA,
GREATER BATON ROUGE, INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

| <u>Federal Grantor/ Pass - Through Grantor/ Program Title</u> | <u>Federal CFDA Number</u> | <u>Federal Expenses</u> |
|---|------------------------------------|-----------------------------|
| <u>U.S. Department of Housing and Urban Development</u> | | |
| Direct Program: | | |
| Supportive Housing Program | 14.235 | \$ 494,822 |
| Passed Through City Parish: | | |
| Supportive Housing Program | 14.235 | <u>70,634</u> |
| | | 565,456 |
| Passed Through City Parish: | | |
| Emergency Solutions Grants Program | 14.231 | 29,458 |
| Passed Through Emergency Food and Shelter Nation Board Program: | | |
| Emergency Solutions Grants Program | 14.231 | <u>2,336</u> |
| | | 31,794 |
| Direct Program: | | |
| Continuum of Care Program - passed through to subrecipient | 14.267 | 49,797 |
| Passed Through Office of Community Planning and Development: | | |
| Housing Opportunities For Persons with AIDS Program | 14.241 | <u>425,675</u> |
| Total U.S. Department of Housing and Urban Development | | 1,072,722 |

(CONTINUED)

| <u>Federal Grantor/ Pass - Through Grantor/ Program Title</u> | <u>Federal CFDA Number</u> | <u>Federal Expenses</u> |
|--|------------------------------------|-----------------------------|
| <u>U.S. Department of Veterans Affairs</u> | | |
| Direct Program: | | |
| V.A. Homeless Grant | 64.024 | 109,426 |
| Passed Through Volunteers of America, Greater New Orleans: Supportive Services for Veteran Families Program | 64.033 | <u>348,325</u> |
| Total U.S. Department of Veterans Affairs | | 457,751 |
| <u>U.S. Department of Justice</u> | | |
| Passed Through Louisiana Commission on Law Enforcement and Administration of Criminal Justice: | | |
| Shelter Program - Child Abuse | 16.575 | |
| (Louisiana Commission on Law Enforcement Project Number 2902&2904) | | 62,324 |
| (Louisiana Commission on Law Enforcement Project Number 2311) | | <u>11,406</u> |
| Total U.S. Department of Justice | | 73,730 |
| <u>U.S. Department of Health and Human Services</u> | | |
| Passed Through Louisiana Department of Education: | | |
| Child Care Development Block Grant | 93.575 | 998,704 |
| Community Network Lead Agencies (Project #28-16-CO) | 93.575 | 9,360 |
| Believe and Prepare - Early Childhood (Project #28-15-BH) | 93.575 | 17,612 |
| Network Pilots Remaining Start-Up Funding (Project #28-16-C3) | 93.575 | 11,440 |

(CONTINUED)

| <u>Federal Grantor/ Pass - Through Grantor/ Program Title</u> | <u>Federal CFDA Number</u> | <u>Federal Expenses</u> |
|--|------------------------------------|-----------------------------|
| Passed Through St. Helena Parish School District: Community Networking Coaching | 93.575 | 45,650 |
| Passed Through Beauregard Parish Early Childhood Network: CLASS Observations | 93.575 | 2,100 |
| Passed Through St. Landry Parish School Board: CLASS Toddler/Pre-K Reliable Observations | 93.575 | <u>4,650</u> |
| | | 1,089,516 |
| Passed Through Louisiana Department of Children and Family Services: Temporary Assistance for Needy Families | 93.558 | 65,945 |
| Passed Through Louisiana Department of Health and Hospitals, Office of Behavioral Health: Path | 93.150 | 191,532 |
| Passed Through City Parish - Division of Human Development and Services: HIV Emergency Relief | 93.914 | <u>970,384</u> |
| Total U.S. Department of Health and Human Services | | <u>2,317,377</u> |
| Total Federal Assistance | | <u>\$ 3,921,580</u> |

See auditor's report.

**VOLUNTEERS OF AMERICA,
GREATER BATON ROUGE, INC.**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

Note A - Significant Accounting Policies -

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Volunteers of America, Greater Baton Rouge, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Note B - Indirect Cost Rate Election

The Organization did not elect to use the 10% de minimis indirect cost rate during the year ended June 30, 2016.

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Independent Auditor's Report on Internal
Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance
with *Government Auditing Standards*

Board of Directors
Volunteers of America, Greater Baton Rouge, Inc.
Baton Rouge, Louisiana

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, Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Volunteers of America, Greater Baton Rouge, 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, Greater Baton Rouge, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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, Greater Baton Rouge, 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the legislative auditor as a public document and its distribution is not limited.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
October 24, 2016

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

Board of Directors
Volunteers of America, Greater Baton Rouge, Inc.
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Volunteers of America, Greater Baton Rouge, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Volunteers of America, Greater Baton Rouge, 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 each major federal program. However, our audit does not provide a legal determination of Volunteers of America, Greater Baton Rouge, Inc.'s compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Volunteers of America, Greater Baton Rouge, 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, Greater Baton Rouge, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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, Greater Baton Rouge, 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. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the legislative auditor as a public document and its distribution is not limited.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
October 24, 2016

**VOLUNTEERS OF AMERICA,
GREATER BATON ROUGE, INC.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2016

A. As required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the following is a summary of the results of our audit:

- Type of report issued on financial statements - unmodified.
- Type of report issued on compliance for major programs - unmodified.
- The results of audit procedures disclosed no material noncompliance in major programs.
- The results of audit procedures disclosed no questioned costs.
- Our audit disclosed no findings which are required to be reported under Section 510(a).
- The following programs were tested as Type "A" major programs:

| Federal Grantor/ Pass - Through Grantor/ <u>Program Name</u> | <u>CFDA Number</u> |
|--|------------------------|
| U.S. Department of Health and Human Services | |
| Passed Through Louisiana Department of Education | |
| Childcare Care and Development Block Grant | 93.575 |
| Community Network Lead Agencies (Project #28-16-CO) | 93.575 |
| Believe and Prepare – Early Childhood (Project #28-15-BH) | 93.575 |
| Network Pilots Remaining Start-Up Funding (Project #28-16-C3) | 93.575 |
| Passed Through St. Helena Parish School District: | |
| Community Network Coaching | 93.575 |
| Passed Through Beauregard Parish Early Childhood Network | |
| CLASS Observations | 93.575 |
| Passed Through St. Landry Parish School Board | |
| CLASS Toddler/Pre-K Reliable Observations | 93.575 |

- The threshold for distinguishing Types A and B programs was \$750,000.
- The Organization was determined to be a low-risk auditee.

B. Internal Control Over Financial Reporting - None

C. Compliance and Other Matters - None

**VOLUNTEERS OF AMERICA,
GREATER BATON ROUGE, INC.**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2016

None